



# THE INDEPENDENT

THURSDAY 28 NOVEMBER 1996

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# Windfall tax grab by Tories

Chris Godsmark and Anthony Bevins

The privatised utilities were last night mounting a fierce lobbying campaign against Kenneth Clarke's backdoor "windfall tax", which one leading accountancy expert estimated could cost them more than £5bn.

Directors of several privatised electricity and water businesses dubbed the Chancellor of the Exchequer's tax plans for "long-life assets" a windfall tax "by any other name". They compared the changes to Labour's plan to raise billions of pounds from a levy on the utilities.

But the Budget changes in effect slash the amount of investment spending big firms can set against their tax bills.

The Treasury will raise £45m from the change across a year, rising to £675m in 1999-2000.

Unlike Labour's plans for a one-off tax, the measures will hit companies year after year.

Tax experts said the privatised utilities, which invest billions each year in electricity wires and gas and water pipes, would be left bearing most of the burden.

As the implications of the measure sank in yesterday, top accountancy firms were already advising the utilities to go on the attack in an attempt to change the Chancellor's mind before the Budget legislation takes effect.

One shocked board member of a privatised utility said: "We just can't see any justification for

this. The thinking behind this is entirely political." But yesterday's political battle centred on the tax burden, with Mr Clarke denouncing Labour attacks as comic and irrelevant.

While politicians and analysts continued the painstaking process of picking over the bare bones of Treasury tables, the Chancellor used a post-Budget press conference to insist that there had been no increase in the tax burden.

Mr Clarke said: "I really do think it is a preposterous irrelevance to judge the economic record of the Government by... these kinds of comparisons, in particular years; of the tax burden." Nevertheless, he was careful to choose 1991-92 as his base year - putting the Conservative record in a battering light - and he took even greater care to exclude indirect taxes like VAT on domestic fuel and power from his calculations.

The overall national tax burden in 1991-92 - as measured by the basic guide, Non-North Sea taxes and National Insurance contributions as a percentage of Gross Domestic Product - was 36.5 per cent, compared with 36.25 per cent in the forthcoming financial year, 1997-98.

However, the tax burden in the April 1992 election year, 1992-93, was 34.5 per cent. It has risen steadily since 1993-94 and, according to the Treasury Red Book, it is planned to increase to 38 per cent by 2001-02.

After a bewilderingly complex Commons statement on English local authority finance,

which Labour said would add an average 6 per cent to council tax bills, the shadow Chancellor, Gordon Brown, last night opened up the second day of the Budget debate with tax as his main target.

Mr Brown tore into the Government's record, and mocked Mr Clarke's morning statement, saying: "It is not a preposterous irrelevance if the people of Britain were told they were going to have tax cuts year on year and were then let down."

Citing the figures provided in the Red Book, Mr Brown said that while Mr Clarke had cut taxes for 1997-98 by £735m in Tuesday's Budget, tax increases of £1,080m were already in the pipeline from previous Budgets; giving a net increase of £350m. "They raise taxes in recession, and blame the recession," he said. "They're now raising taxes in recovery. Who does that?"

But the Chancellor and William Waldegrave, Chief Secretary to the Treasury, could be seen referring to the Red Book tables quoted by Mr Brown - and they both came back with the same reply, Mr Clarke said:

"The tax burden is the same, overall, as it was before the last election; it is no higher."

Mr Clarke told the Treasury press conference that what people were really interested in was overall prosperity. The Conservatives had shown that they could run a market economy more profitably than their Labour opponents.

Budget reaction  
Pages 10, 11, 20

Silent suffering: The face of Medieval horror in a Moldovan nursery, as the West begins to rescue forgotten children. English footballers who played in the former Soviet republic this week pledged financial support for the disabled children, many of whom are starving to death this winter (Page 3). Photograph: European Children's Trust

ips  
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specialists

## QUICKLY

**Forte comeback**

Sir Rocco Forte is returning to the hotel industry with plans to build a £12m, five star hotel in Cardiff Bay, just over a year after Granada successfully took over his family's company, which he has been fighting to buy back into. Page 21

**Boxing clever**

The Minister for Sport, Iain Spratt, yesterday threw his weight behind a return to boxing in schools as a good way of teaching young people discipline. Page 26

**Pill for dyslexia**

Researchers claimed that dyslexia and a disorder which causes a form of childhood clumsiness could be treated by taking a pill containing three fatty acids. Five per cent of children are dyslexic. Page 9

**CONTENTS**

<i>The Broadsheet</i>	20-22
<b>Business &amp; City</b>	20-22
<b>Comment</b>	17-19
<b>Foreign News</b>	12-15
<b>Gazette</b>	16
<b>Home News</b>	24-25
<b>Law Report</b>	16
<b>Leading Articles</b>	17
<b>Letters</b>	17
<b>Obituaries</b>	16
<b>Shares</b>	23
<b>Sport</b>	25-28
<b>Unit Trusts</b>	24
<i>The Ticker</i>	22, 23
<b>Arts</b>	17
<b>Campus</b>	26
<b>Crossword</b>	14
<b>Diary</b>	9-13
<b>Features</b>	4-8
<b>Film</b>	3
<b>Louise Levine</b>	15, 16
<b>Graduate Plus</b>	24, 25
<b>Listings</b>	27-28
<b>Radio &amp; TV</b>	26
<b>Weather</b>	26

# Mother Teresa pleads with her friends: Just let me die

Andrew Gumbel reports on a missionary's plea

Despite armies of doctors fighting round the clock to save her life as she lies critically ill in a Catholic hospital, Mother Teresa has lost all interest in medical treatment and longs only for one thing - to die in peace. The 86-year-old missionary worker, suffering severe chest pains and an irregular heartbeat, has been under intense medical supervision for the past five days, but according to her friends and closest associates, she would much rather the doctors left her alone.

"Let me die like the poor people I help," she has implored repeatedly.

Mother Teresa is famous among her followers for resisting medical treatment, whether it is for heart failure or just a routine trip to the dentist. But since her last hospital stay three months ago, when her heart actually stopped beating briefly, she has lost interest in regaining even the strength necessary to continue her missionary work.

"When I saw her in September, she pointed at the ceiling and said: 'I'm going home to God,'" said Tim Towey, a former seminarian with her order who has known her for the past 11 years. "She talked very openly about not wanting to live any longer. She's helped so many people to die that she can accept mortality much better than her doctors."

According to Mr Towey, who now heads a foundation in Florida devoted to the dignity of the old and dying but maintains daily telephone contact with Calcutta, the sisters of Mother Teresa's Missionaries of Char-

ity have had to resort to trickery to persuade their ailing founder into accepting medical care. In September she was so convinced she was about to die that she received the last rites, and the fact that the doctors subsequently revived her left her feeling dismayed and a little embarrassed.

"She didn't want to go into hospital then and she doesn't want to be in hospital now," Mr Towey said. "That makes it all much harder on the people around her than it is on her. It's not as though she has a termin-

sage in the blocked arteries of her heart.

On each of those occasions she quickly resumed her punishing work schedule, but this time around it has been different. According to Mr Towey, she has been forced to slow down ever since she fell during a trip to Ireland in June.

The fall messed up her circulation and she hasn't been the same," he said. Shortly after her discharge from hospital in September, she fell again and cut herself badly above an eye. She has been mostly bed-ridden ever since, getting up only on good days to do a few hours' administrative work for her order.

In the past few days, she has been further diagnosed with breathing problems. On Tuesday she was transferred from the ramshackle Woodlands Nursing Home to the state-of-the-art B.M. Birla Heart Research Centre for clinical tests but she has grown so weak since that doctors are still waiting to decide whether to proceed.

"The doctors are divided on whether she could survive any treatment, which at this point would take the form of either another angioplasty or else electric shock treatment," Mr Towey said.

"Mother herself is not all that concerned about it, though. After all, she's got one foot in heaven."



G.O.L.D.S.M.I.T.H.S

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Mother Teresa: suffering chest pains and irregular heart beat. Photograph: Glynn Griffiths



48

## news

# Gummeronola, scourge of the unorthodox

In the heyday of the Inquisition (by no means solely a Spanish affair) my forebears would often find themselves in some draughty ecclesiastical court, undergoing "theological examination".

Acting at the behest of the Cardinal-Archbishop of Salamanca or some other church nab, the prosecution would be led by an ambitious monk able and willing to deploy his talents in the service of political as well as religious objectives.

John Selwyn Gummer, Secretary of State for the Environment, would make a wonderful inquisitor. Pale, fervent, efficient, Jesuitical and – when necessary – mendacious, he needs only the accoutrements (a tonsure, a rosary, a large wooden cross and access to a fire-proof town square) to be transformed into



**John Selwyn Gummer**  
Gummer would make a wonderful inquisitor. Pale, Jesuitical and – when necessary – mendacious

Gummeronola, scourge of the unorthodox.

Even in a light grey suit, however, the appearance of Gummer in the House yesterday boded no good for someone. In the wake of the budget's limited give-aways to the Government's loyal citizens, there was property to be sequestered from the infidels and unbelievers. And no one could be less faithful to the Truth and believe less in the Cause than local government – Labour or Libdem virtually to a person.

Casting back his cowl, Gummeronola began softly. In forming his proposals for local government's finances he had "considered the pressures... listened carefully... taken account... weighed carefully" and was sympathetic – of course he was. But "it would be absurd to imagine that within this large

total there is no room for greater efficiency!" "Thank God", sighed some very stupid observers, "we thought for an awful moment that he meant cuts".

Of course it didn't mean cuts. Gummeronola insisted. The TSS next year would be comparable to the TSS this year. The SSA's would be largely unchanged, except in those areas where they would be altered completely. Notional taxes would again be identified for the CTSS. So if the squillons earmarked by Pope John and the College of Cardinals for the education of the laity were somehow to get lost, we would all know who to blame, now wouldn't we?

MPs on all sides of the House – like laymen on an ecclesiastical jury – listened in guilty incomprehension. They realised

something important was being said at the end of which someone would suffer, but they couldn't tell what or why, even if they had a fair idea who.

It got no better. "Rural areas are most interested in the sparsity factor. Closely packed urban areas are interested in the density factor". Members laughed nervously, wondering whether these two things were not in fact exactly the same measurement, except yielding different results for different places.

This irritated Mr Gummer. "According to independent experts the system may be the most sophisticated anywhere in the world", he snapped.

As are the penalties for the impudent. First, as we all know, miscreants may be capped. What is not so well-known is that they can also be

damped. A scheme would "provide for a second year of damping", threatened the Secretary of State.

I wondered, would offending councils be capped first and then damped (roughly the order of things at an *auto-da-fé*)? Or damped, revived and then capped?

Labour and Liberal Democrat MPs were getting restive. They still could not get rid of the notion that, when this was all booted down, schools would still be falling down and classes would be too big. So they muttered away. "They either don't like it, or they don't understand it", Gummeronola accused. And for once he was understating the case. They neither liked it nor understood it and I suspect that, for once, they represented the nation perfectly.

## significant shorts

### Compensation for parents of Allitt children

The DSS staff who relocated – and resigned

More than 100 of the 2,100 Department of Social Security staff who were relocated to Leeds at "considerable cost to the taxpayer" promptly resigned and took early retirement, according to a report published yesterday the all-party Commons Public Accounts Committee.

The committee was reporting on the construction of Quarry House, the new DSS headquarters in Leeds. The building attracted the criticism of the National Audit Office earlier this year because of its lavish facilities for staff, including a swimming pool and bar. The move to Leeds had been justified because of long-term savings. *Christian Wolmar*

■ *Construction of Quarry House: House of Commons paper number 09: £8.90*

### Child abuser dies in jail

Ralph Morris, the special-school owner who was serving 12 years in jail for abusing emotionally disturbed boys has been found dead in his cell at Little Hey Prison, Germany, in June.

Roisin McAliskey, 25, was arrested at her parents' home in County Tyrone last Wednesday. The German authorities, who will be represented at the next hearing on 4 December, want to question Ms McAliskey on charges of attempted murder and possession of explosives.

They allege that Ms McAliskey was part of a five-member IRA cell which planned and carried out the attack. Miss McAliskey, through her solicitor, denied the charges.

### Aspinall wins tiger battle

Millionaire businessman and zoo-keeper John Aspinall yesterday won a High Court battle against Canterbury City Council for the legal right to let his keepers enter the enclosures of fully grown, freely roaming tigers at his zoo at Howletts, near Canterbury, Kent.

The council's ban had followed the death of a 32-year-old keeper, Trevor Smith, in November 1994 after he was bitten in the back of the neck by Balkash, a 500lb Siberian tiger, while cleaning its enclosure. He was the third of Mr Aspinall's keepers to be killed by tigers.

### Gardai find IRA cache

A cache of IRA bomb-making equipment, including Semtex explosive, detonators, cortex fuse wire, timing units and several walkie-talkie radios, was discovered by gardai in woodland a mile from the village of Castlebellingham in County Louth, near the Northern Ireland border.

Under strong pressure from the French government, the transport ministry mediator, Robert Cros, secured union agreement on early retirement and working hours. But the unions said they were instructing the drivers to keep the blockade in place until they were satisfied on all outstanding points, including pay.

By yesterday, several car plants were idle, building sites were grinding to a halt and farmers were threatening action because they could not get perishable goods to markets.

Gardai across much of south and central France were dry, and oil depots around Paris were blockaded for the first time.

Michael Bentine CBE, actor, broadcaster, and one of the founders of the *Go on Show*, died yesterday at the Royal Marsden Hospital in London after a lengthy battle against prostate cancer.

Mr Bentine, 74, who was born in Watford to Peruvian parents, had refused chemotherapy after seeing his mother and two of his five children die from cancer after enduring treatment.

*Obituaries, page 16*

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## Safety rethink for Chunnel

**Christian Wolmar and Mary Dejevsky**

ry service using the controversial open-backed wagons has been suspended indefinitely pending a review of procedures and equipment.

A small fire yesterday caused by welders working on the damaged train still in the tunnel was quickly put out, but will add to fears that it is unsafe to run passenger trains while work is being carried out.

The safety systems contain an inherent contradiction that will have to be remedied. Patrick Ponsolle, co-chairman of Eurotunnel, said the driver of the shuttle had been alerted both by a fire alarm and by a separate alarm on the load. Procedure in the first case would be to make for the exit where emergency services would be waiting; procedure in the second would be to stop the train, lest the load, shuttle or track be damaged.

# Dover becomes refugee camp

James Cusick

The Kent port of Dover and the M20 motorway at nearby Ashford yesterday turned into two giant refugee camps for around 1,000 international drivers and their lorries.

The stalemate in the talks in Paris to end the road blockade in France influenced the decision by the authorities in Kent to halt all further freight movement from English ports into France.

Drivers who had spent 12 hours – from 8pm on Tuesday night to 8am yesterday morning – getting to Dover learned their plans to cross to France would be on indefinite hold. As roads and freight car parks around Dover filled up, Kent police took the decision to halt all HGV lorries at junction 10 of

the M20 near Ashford, 20 miles from Dover. Lorries were then directed to an emergency car park near Ashford international rail station, also not functioning normally as Channel tunnel operators Eurotunnel continued to argue with safety authorities that services should be allowed to resume following last week's fire.

All day yesterday Channel Tunnel Radio on 107.6FM was warning drivers of the potential delays and the diversions to Ashford. The decision of one DJ to play Supertramps' "Take the Long Way Home" would not have gone down well with some drivers facing severe delays.

There was also chaos at the port of Ramsgate with up to five miles of lorry tailbacks. At Ashford lorries drivers from France, Greece, Germany,

Turkey, Spain, Hungary and elsewhere, as well as Britain were told they would have to wait until the dispute in France ended, the blockade on French roads lifted and the road situation around Dover had eased.

In Dover freight car parks and the port's adjoining major roads were filled. At the terminal's Rendezvous Truck Stop restaurant, the Salvation Army, dispensing hot tea and sympathy, would not have looked out of place. Martin Stiller, a lorry driver from Bruges in Belgium, said he arrived at Dover at 8am yesterday after a 12-hour wait only a few hours north of the port. Last week, to avoid the blockade, he had taken a ferry from Zeebrugge to the north of England, taking 16 hours. "Now I'm caught up trying to get back.

The French drivers are taking the piss. It's their problem, why involve us?"

Willie Patterson from Dumfries, and his lorry cargo of "carpets, computers, two road sweepers and some ICI plastic wrapping" had managed to get to Calais but was then brought back. "Sea France shipped three ferries full of HGVs back to Dover on Tuesday. In France it was hellish. All the bureaux de changes were closed. I'm a driver, but I feel all I've been for a week is babysitting this bloody lorry."

The ferry companies at Dover yesterday were trying to keep the stranded drivers informed of any development at the Port's talks. The rumours circulating last night ranged from hopes of a deal by midnight to nothing till next week.

The entire safety regulations covering lorry and car services through the Channel tunnel will have to be revised, it emerged yesterday as details of last week's fire were released.

Although Eurotunnel, which operates the rail services, said it hopes to resume passenger trains next week, the instructions to "driver not to stop if there is a fire" will have to be changed. During last week's blaze, which occurred just as the train was entering the 50-kilometre tunnel, the advice given to the shuttle was to continue through the tunnel

to the Paris talks. The rumours circulating last night ranged from hopes of a deal by midnight to nothing till next week.

In the first implicit admission that the fire had raised serious questions about safety, the for-

**MALCOLM GLUCK ANNOUNCES HE'S OFF THE BOTTLE.**

(HE'S TRYING THE WINE BOX INSTEAD.)



In tomorrow's programme Malcolm Gluck revisits the much maligned wine box and in *Radio Times* every week you'll find his wine recommendations from the series Gluck, Gluck, Gluck.

**RadioTimes**

IT'S NOT WHAT YOU EXPECT.

مكتبة من الأصل

England's football squad are among the West Europeans waking up to the nightmare of Moldova's lost and starving children

# Helpless, hungry... with winter on the way

**Clare Garner**

One hundred and fifty-four helpless faces – bony and blue with cold – stare out from behind cot bars. Their emaciated bodies are laid out on soiled mattresses, dirty with encrusted faeces and ridden with weeping sores.

The disabled girls are categorised into debilitated, imbecile or idiot – and subsequently starved to death.

But these scenes of deprivation at the orphanage of Casa de Copii – the House of Children – in Hincesti, a town in the former Soviet Republic of Moldova, are not unique. An estimated 40,000 children – that is 10 per cent of the child population in Moldova – are abandoned to state-run institutions.

Across the former Soviet Union, there are believed to be many similar institutions.

Western Europe is just waking up to the fact that the deprivation of an orphanage upbringing does not end at Romania's borders. The plight of the children at Casa de Copii was first brought to the attention of the international community when the England football team visited the country in September, staying in the

only hotel with hot water. The heating system at the orphanage hasn't worked since 1990. When the team-members reassembled to train for the recent Poland match, they unanimously agreed to pledge their personal support.

They announced yesterday that they were donating £10,000 to the European Children's Trust (ECT), a charity set up last year to address the situation. The sum has been matched by the Football Association.

Glenn Hoddle, the England captain and a father of three, said yesterday: "As footballers, sometimes we are cocooned in our own little world and sometimes it is nice to branch out from that little world and help those less fortunate."

"There's always another problem or another country, but if you can make these children's lives better by 1 per cent, it's worthwhile."

"We discussed it as a team – they could have said 'We get endless requests', but this seemed to us to be an exceptional situation."

David Davies, FA director of public affairs said: "I'm glad we are involved. We get a huge number of requests from different charities. This one we felt

was different; because we were there, so close to it."

The rambling institution of Casa de Copii is situated on the top of a hill, physically and socially marginalised from the wider population. The girls' physical disabilities range from mild muscle weakness to severe quadriplegia. Many also suffer from epilepsy, which is, at best,

only poorly controlled with the few drugs available.

Last winter, 31 of the orphans at Casa de Copii died as temperatures plunged to -20 degrees centigrade. This year, the projected figure is fewer than 11 – provided that the ECT intervenes. Six children are already in such a bad state that whatever changes the ECT

makes, they are likely to die within three months.

Catherine Stevens, head of fundraising at the ECT, the only British charity working in Moldova, has visited the orphanage.

"Heating is our first priority, appropriate food supplements our second, and hygiene is third," she said yesterday. "It's

terrible to say hygiene is third, but they're not dying of dirt, they are dying of cold and hunger."

The charity's immediate plan is to spend £40,000 on adequate heating, medicines and supplementary food. £25 buys blankets and bedding for one child; £1,000 buys enough coal to heat an orphanage for three winter months. With every

£10,000 raised, the ECT will be able to help another institution this winter.

In the long term, the charity hopes to train Moldovan social workers so that future generations of children will never have to go into such institutions in the first place.

The ECT was founded last year following the collapse of the Russian coup, the Moldovan parliament and the Grand National Assembly proclaimed Moldova's independence from the USSR. Since then, the republic's gross domestic product has fallen by 60%, and it ranks as the 54th poorest country in the world.

Flight of helpless: Many orphans in the former Soviet Republic of Moldova are left to starve to death in pitiful conditions. Around 10 per cent of the child population live in state orphanages. Photographs: European Children's

## Poor relation of the former Soviet Empire

Formerly part of the Soviet empire, Moldova, area 13,010 square miles, is now an independent but extremely poor republic to the northwest of Romania. It has a population of four million whose average wage is around US\$30 a month.

The official language is Moldovan, spoken by 64.5 per cent of the population. Ethnic minorities include Ukrainian (13.8 per cent), Russian (13 per cent), Gagauz (3.5 per cent) Bulgarian (2 per cent), Jewish (1.5 per cent) and 1.6 per cent others and unknown. The capital, Kishinev, has an estimated population of 667,100. There are three other towns with populations in the hundreds.

Landlocked, the republic is bounded to the north-east and south by the Ukraine. To the west it borders Romania.

The largest religious denomination is the Eastern Orthodox Church. The Gagauz, despite their Turkish origins, are also adherents of Orthodox Christianity.

On 27 August 1991, after the col-



lapse of the Russian coup, the Moldovan parliament and the Grand National Assembly proclaimed Moldova's independence from the USSR. Since then, the republic's gross domestic product has fallen by 60%, and it ranks as the 54th poorest country in the world.

work of its sister charity, the Romanian Orphanage Trust. After spending £5m on improving the lives of the children within orphanges, the trust has worked closely with the Romanian authorities to reform the national childcare system and develop a structure that is based on families rather than institutions.

## New women are happy, independent, imperfect



Role models: Today's woman admires (from left) Tina Turner, Dawn French, Oprah Winfrey

'Real Women' give up on Superwoman and hate hectoring adverts

**Glenda Cooper**

Three-quarters of women have given up trying to be an Eighties Superwoman and say they are a lot happier since they stopped striving for perfection. And being a man in their life is no longer very important for two-thirds of women, with only one in five seeing marriage as a goal to be achieved.

Most women say they are not affected by raise-thin models pushed forward by advertisers and the media. Two-thirds of women do not feel pressurised into looking like the models in magazines and fewer dream of losing lots of weight than dream of having enough time to do everything they want or travelling frequently.

They also fail to pine for lost youth, preferring advertisements showing women over 30

who are interesting and attractive, rather than 18-year-olds. And being able to afford to have someone else to do the chores rated higher than being able to turn the clock back.

Women dislike the way they are pigeonholed by advertisers with more than one in three feeling that "most adverts treat women as idiots" and nearly as many think "most ads are basically sexist". Nine out of ten would prefer adverts to show "real women" rather than beautiful actresses and models, and their favourite advertisements are ones that are entertaining and make them laugh.

Their top three television adverts were for Diet Coke (where women ogle a man taking off his T-shirt), Tesco with Jane Horrocks and Prueelle Scales and Oxo with Lynda Bellingham – an older, attractive

woman with a personality.

The most disliked ads were the old Fairy campaign with Nanette Newman, Daz's "doorstep challenge" with Danny Baker and Tamzin (a roller-skating glamour girl).

Role models varied from Tina Turner and Oprah Winfrey to Dawn French and Joanna Lumley. At the bottom of the list came Pamela Anderson, Paula Yates and Margaret Thatcher.

According to the NOP survey, which questioned women between 15 and 45, the best things about being a woman today are being able to have both a career and a family; the opportunity to pursue a career if they want to; and the ability to be financially independent from men. The number of women with a mortgage in their own name doubled between 1983

and 1994 and more than a quarter now hold shares.

Nearly nine out of 10 women said they would be confident investing money on their own, 44 per cent would feel confident buying a personal computer and 35 per cent a car. They also said that they would enjoy shopping for these items much more than shopping for clothes, furniture or home decorations.

The role of motherhood is no longer seen as crucial to women's self esteem, with just 15 per cent of women agreeing that a woman is only truly fulfilled when she has had children.

Women who have children still tend to enjoy a traditional role, with 63 per cent saying that in a family with young children they would rather be the one who stays at home. At the same time less than half would feel that being a wife and mother was enough for them.

"The 1990s seem to be a time of great opportunity for women," said Nigel Sharrocks, managing director of Grey. "If they feel under pressure 10 years ago to be the perfect mother, wife and career woman, today they are enjoying the choices they face without the constant need to live up to other people's expectations."

"A new optimistic woman with a strong sense of her own independence and individuality has taken over."

Faces that fit... and don't fit

What women like...  
The Diet Coke ad  
Joanna Lumley  
Dawn French  
Tina Turner  
The Oxo ads  
Oprah Winfrey

What women don't like...  
Pamela Anderson  
Danny Baker and the  
Daz challenge  
Paula Yates  
Nanette Newman on  
Fairy liquid  
Margaret Thatcher



TINA TURNER

DAWN FRENCH

OPRAH WINFREY

MARGARET THATCHER

DANNY BAKER

LADY DIANA

JOANNA LUMLEY

JANE HORROCKS

PAULA YATES

PRUEELLE SCALES

LYNDA BELLINGHAM

JOANNA LUMLEY

news

# The blue-eyed blondes who don't belong

**Anthony Bevins**  
Political Editor

One of Labour's Afro-Caribbean MPs, Diane Abbott, was accused of racism last night after she criticised a local hospital for taking on "blonde, blue-eyed" Finnish nurses.

Writing in her local newspaper, the *Hackney Gazette*, the MP for Hackney North and Stoke Newington, said: "I am sure that these women are charming."

"But they are basically here to improve their English and are unlikely to give the British health service a lifetime's commitment."

She said she was surprised that Homerton Hospital, Hackney, had chosen to employ "blonde, blue-eyed" girls from Finland, instead of nurses from the Caribbean who know the language and understand British culture and institutions ... And are Finnish girls, who may never have met a black person before, let alone

touched one, best suited to nurse in multicultural Hackney?"

Miss Abbott said it was wrong for Homerton to be importing labour from Finland when Hackney had the second-highest level of unemployment in the country. "My mother was a nurse and I know many nurses. Black nurses are leaving the profession all the time because of racism and lack of career development.

"For years many black nurses have found themselves confined to

the night shift and unglamorous specialisms like mental health and geriatric nursing.

"And in the re-organisations of recent years black nurses have been the first to lose their jobs, particularly black nurses in management.

"But above all nurses of all colours are leaving the profession in droves because of all the pressure, the cut backs and general demoralisation.

"The management of Homerton Hospital NHS Trust should be speak-

ing out on these issues, not scouring Europe for cheap labour."

The Tory MP Ian Bruce last night said: "I have never heard such racist rubbish from a Member of Parliament in recent years. It shows complete ignorance. She is using racial stereotypes which are wholly inappropriate. Most Finnish girls are dark-haired, not blonde with blue eyes. She must be thinking of Swedes or Germans."

A Royal College of Nursing spokesman said Miss Abbott had "seriously overreacted", adding: "There is a strong feeling that this is setting nurse against nurse when everyone is only trying to do a job of work. It gives the impression that there is this pool of black nurses in the Hackney area which is not true."

A senior nurse at Homerton Hospital, Eileen Farragher, said said 30 nurses from Finland had been taken on, and another 20 were due to arrive next year. They would be

joined by about 8 to 10 black and white nurses from South Africa.

Miss Abbott later insisted her remarks were not racist. She had nothing against Finns, but thought Homerton should recruit nurses locally. "The issue is not one of colour, the issue is that people should not be recruited from overseas in an area of mass unemployment. My argument is not that they shouldn't employ white nurses. My argument is that they should employ local people."

## Major says charities meddling in politics

**Polly Ghazi**

Several leading charities, including Save the Children Fund and Oxfam, have been questioned by the Charity Commissioners after John Major accused them of meddling in politics.

The Prime Minister's highly unusual rebuke was aimed at the Real World coalition of aid, environmental and social justice groups set up in March to campaign for a higher profile for these issues at the next election.

Real World representatives wrote to each party leader asking for support for their agenda, which includes higher spending on rebuilding communities and overseas aid, a Bill of Rights and greener economic, energy and transport policies.

Mr Major's response, addressed to Carolyn Miller, head of programmes at Save the Children Fund, and revealed in today's *New Statesman* magazine, expresses "surprise" that charities and voluntary groups should "associate themselves

with a largely political statement of objectives and policy proposals".

He goes on to attack Real World's agenda for reform, which he says would "undermine Britain's economic competitiveness ... and make strong government impossible."

A detail from John Major's letter

A fortnight after Mr Major's letter was sent on 24 May, every charity member of Real World was contacted by the Charity Commissioners, raising concerns about the legality of their membership. Around a dozen

charities were summoned to a meeting in London on 31 July.

"There was some concern that Mr Major's letter was threatening us and that meeting the Commissioners was a put-up job," said Neil MacDonald, head of SCF's information programme. "In the event it was all very amicable. This is new ground for us and the Charity Commissioners and it needed clarification."

Sara Parkin, the former Green Party spokesperson and a prominent member of Real World, described the letter as: "No more than I would have expected from Mr Major. It is very depressing."

An Oxfam spokesman emphasised that Real World's charity members had been very careful to ensure they would not overstep Britain's strict charity rules by joining the coalition. "Each of us only campaigns on those parts of the Real World agenda for reform which come directly within our remit. We are campaigning on politics with a small p," he said.

A spokesman for No 10 said Mr Major "stood by his letter".



Portrait of power: Blood, Sweat and Tears, a portrait of Sir Winston Churchill which has hung in 10 Downing Street since the Conservatives' election victory in 1979, being sold for £150,000 at Sotheby's in London yesterday. Photograph: David Rose



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## Drugs-bust police falsified evidence

Three men jailed eight years ago for their alleged involvement in a drugs factory were cleared yesterday when the Court of Appeal held that officers of a regional crime squad had falsified their surveillance logbook and lied to the court when challenged about it.

The appeal judges said the Crown's case at the trial - that the log entries made by crime squad officers based at Barking, east London, were made contemporaneously with the events - could not be supported. "We are satisfied that the log was written *ex post facto*," said Lord Justice Ward, sitting with Mr Justice Bliford and Mr Justice Forbes.

The authenticity of the log had become such an issue at the trial that doubts about its compilation inevitably cast doubt

upon the accuracy, truthfulness and reliability of the other material recorded in it, namely the crucial observations.

"The Crown fully accept that if the evidence of the Regional Crime Squad as to the preparation of the log was false - and we find that it is - then the convictions are unsafe."

The judges had also heard fresh evidence relating to a defence allegation that the detective inspector in charge of the London Docklands drugs bust - code-named Operation Trooper - planted a bag of amphetamines in a car belonging to one defendant.

Lord Justice Ward said a photograph which, it was suggested, might show the officer approaching the car, had been suppressed, and an air of mystery remained around the alle-

gation of planting. The court was not satisfied that drugs were planted, but the fresh evidence was sufficiently credible and cogent that it was capable of inducing a reasonable doubt in the minds of the jurors.

The judges quashed the 1988 convictions of Charles "Chic" Matthews and Kevin "Tommy" Hole of conspiring to supply amphetamines. Mr Matthews has served his 10-year sentence, but Mr Hole, who was also convicted of having a bag of the drug in his car with intent to supply, committed suicide while serving his eight-year term. His appeal was referred to the court posthumously by the Home Secretary.

Joe Pykett, who was jailed for 13 years for conspiring to produce and supply amphetamines, was freed with immediate effect.

## Heseltine puts boot into ramblers' right to roam

**Stephen Goodwin**  
Heritage Correspondent

Michael Heseltine yesterday stoked the political fires in the "right-to-roam" debate by describing Labour's plans as unworkable and "menace" to farmers in the countryside.

The deputy Prime Minister's outburst, in response to a suggestion that landowners who receive state subsidies could not complain about allowing greater public access to the moors, took

the lid off an attempt by the Country Landowners Association to present its conference at Westminster as a search for consensus.

As the prospect of a Labour government has loomed larger, so the CLA's campaign for a voluntary approach to increased access has gathered pace. But Tony Blair has not wavered on his rambler-predecessor John Smith's commitment to give the public a right to roam over mountain and moor, subject to

common-sense restrictions for management and conservation.

Ewen Cameron, president of the CLA, acknowledged that the access debate had been "bedevilled with high emotion, accusation and lack of consensus". But on a very crowded island, satisfactory access could only be achieved by willing partnership, he said.

Elijah Morley, Labour's spokesman on rural affairs, commended voluntary initiatives and said the party certainly would not be going into the election on the slogan "Vote Labour for a bubble hut at every window".

There would be no rush into legislation and Labour would consult widely, but there was also an issue of fairness.

Leading Article, page 17

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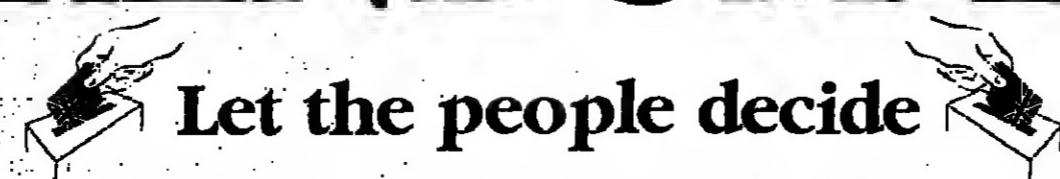
**DO YOU WANT THE UK TO  
RETURN TO AN ASSOCIATION  
OF SOVEREIGN NATIONS  
THAT ARE PART OF A  
COMMON TRADING MARKET?†**

\* By "a Federal Europe" it is meant a European Union with supranational political institutions, including The European Parliament, The European Commission, and The European Court of Justice, and in which every nation must apply European Law, and which would bring about Economic and Monetary Union.

† A common trading market would allow the free movement of goods, services, labour and capital, whilst limiting the power of the Community institutions exclusively to ensuring that that marketplace would be efficient, competitive and fair.

N.B. The precise wording of the question to be put to the electorate and the conditions necessary to obtain a fair debate and vote should be established by Parliament.

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news

**General Synod:** Anglican elders are ringing the changes in church disciplinary measures and power politics

# Gay clergy to shelter under bishops' wings

**Andrew Brown**  
Religious Affairs Correspondent

Anglican bishops will be able to protect gay priests from disciplinary tribunals, the Church of England's General Synod unexpectedly decided yesterday.

The Rev Michael Vasey, an evangelical gay theologian, won an amendment to the disciplinary process which would enable bishops to refuse to act on complaints "except in cases involving specified injury to individual persons".

His amendment was described after the vote as "a charter for sodomy" by Mrs Margaret Brown, a prominent campaigner against women priests and gays.

Dr Vasey himself told the synod that, without his amendment, the proposed new system of church courts would allow campaigners "with the aid of a computer, to take to law every gay priest in the Church of England who has a partner; every bishop who convives at the admission of children to confirmation before confirmation" and every evangelical clergyman who used an unauthorised service.

There was little doubt in the minds of synod members which of these cases was the most important. Earlier this year, Dr Vasey published a book arguing that present-day Christians should not be bound by the Biblical fulminations against homosexuality. Reform, an evangelical pressure group campaigning against gay clergy, attempted to have him sacked from the theological college in Durham where he teaches.

Yet his amendment was passed by a fairly clear majority, and without much drama. It was the second major change this week to the system of church courts proposed by a working party under Canon Alan Hawker, on Tuesday the synod rejected the idea that these courts could try doctrinal offences, and now they will only try such sexual offences as a bishop thinks should be tried.

The Bishop of Hereford, the Right Rev John Oliver, put before the synod a hypothetical case: "A clerical member of this synod who comes down to London ... meets an old flame and commits adultery. Neither his wife nor his bishop know about

"We will be better off with 500 priests who are good, than many thousand who are bad."



Photograph: Andrew Buurma

Holy smoke: Members of the General Synod taking time out at Church House in London yesterday

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## Cathedrals outlaw the feuding priesthood

**Andrew Brown**

The General Synod yesterday approved wide-ranging changes to the government of cathedrals, designed to ensure that the long-running feud at Lincoln Cathedral can never be repeated. Proposals to remove the right of cathedral clergy to jobs for life will also be brought forward by the synod's revision committee, after a heartfelt plea from a Lincoln vicar, the Rev Peter Mullins.

The shadow of the Lincoln feud stretched over yesterday's debate. But there was laughter and applause for Roger Atkinson, a lay member of the synod from the city, when said that he thought the feud would only end when the main protagonists, the Dean, Dr Brandon Jackson, and the Sub-Dean, Canon Rex Davies, "pass into my jurisdiction as the coroner of the city". Since Dr Jackson arrived in

Lincoln in 1988, the two men have exhausted professional mediators, survived investigations by the Fraud Squad, and refused the public exhortations of the Archbishop of Canterbury, Dr George Carey, to resign. Dr Jackson was acquitted last year after a three-day trial on charges of adultery with Ms Verity Freestone, a cathedral verger. He has said that he will resign only if Canon Davies does.

The measure which the synod sent forward for revision yesterday will set up a committee with lay membership to run all cathedrals. The bishop will sit on the committee, and appoint a chairman, but he will have no vote. At present the older, "dean-and-chapter" cathedrals, like Lincoln, are run under constitutions in which only the canons of the cathedrals have power. The Bishop of Lincoln, the Right Rev Robert Hardy, has repeatedly called for his

cathedral chapter to resign; the dean has responded only by demanding that the bishop resign.

Some of the newer cathedrals have protested against the reforms on the grounds that they already have lay representation on their governing bodies, and that the reforms will force them to diminish this to come into line with everyone else.

But the Dean of Durham, the Very Rev John Arnold, said yesterday that the reforms, which were suggested by a commission chaired by Lady Howe in 1994, would not produce "a unitary... system of government".

Professor David McClean, introducing the measure, said: "The individual traditions of a cathedral can find expression; they can have their Quinque Personae and their Six Preachers... But the key features of a chapter, a council, and a college of canons will be found everywhere."

## £65m smuggling operation smashed

**Jason Bennett**  
Crime Correspondent

One of the largest alcohol and cigarettes smuggling operations in Britain - worth an estimated £65m - was smashed yesterday by Customs investigators.

Forty people were arrested and about 100 businesses and homes were raided during the national and international investigation.

In the largest operation of its kind ever undertaken by HM Customs and Excise's national investigation service, huge quantities of smuggled wines, beers, spirits and cigarettes were recovered.

It is estimated that the fraud uncovered cost at least £65m in lost duty.

Yesterday's operation involved raids on premises far apart as Newcastle upon Tyne, Keighley in West Yorkshire,

Birmingham, various locations in Essex and Kent, and Poole in Dorset.

The raids coincide with the Budget announcement that the Government is to launch a crackdown on revenue fraud, smuggling and tax evasion, in an attempt to raise £2.5bn more tax over the next three years.

Alcohol and tobacco manufacturers have bitterly complained that vast quantities of goods are being brought over from France, supposedly for personal use, but are being sold on the black market and illegally in shops. Smugglers have been making daily trips to France and filling vans with drink and tobacco.

At least three types of fraud are thought to have been foiled by yesterday's operation.

In the first, large quantities of spirits and cigarettes, classified as duty-free because they were ostensibly for export, are

believed to have been sold on to the home market.

In another fraud, beer, wines and spirits were smuggled into this country from France without any duty being paid at the point of entry.

In addition, investigators are probing the alleged fraudulent reclaiming of duties originally paid in respect of beer which should have been exported, but which was in fact sold on the home market.

As well as the illicit alcohol, investigators impounded cash, cars, lorries and trailers.

Jim McGregor, the service's deputy chief investigation officer, said: "This extensive operation is the culmination of intensive investigation both in the UK and abroad, aimed at major criminal organisations defrauding the Exchequer of very large sums of excise duty and VAT."

## No more Fawlty hotels

**Colin Brown**  
Chief Political Correspondent

Tourists should be spared the trauma of staying in Basil Fawlty-style hotels when they visit Britain by being offered a national star-rating system for holiday accommodation, a cross-party Commons select committee said.

The system would end the confusion of the present star-rating system operated by a wide range of bodies, including the three tourist boards for England, Wales and Scotland, and motorway organisations such as the RAC and the AA.

The Commons select com-

mittee on National Heritage heard that the tourist boards and the motorway organisations will produce a unified star-rating system for hotels in Britain by the end of the year.

But the committee, chaired by Gerald Kaufman, the former shadow foreign secretary, said that if that did not work the Government would have to step in with a compulsory statutory scheme to warn tourists of the Fawlty Towers-style hotels.

As a first step, the committee recommended that a statutory list be drawn up of premises offering accommodation to visitors.

The Secretary of State for

Bottomey, warned that a statutory star-rating scheme would be bureaucratic and the tourist industry would have to bear the cost. It could raise the prospect of Basil Fawlty facing visits from the Government inspector of hotels, instead of the man from the Good Hotel Guide.

The committee said the level of hotel facilities was relatively easily measured. But the star-rating would have to sum up the quality of service too.

Its report also recommended a four-fold increase in the grants to the British Tourist Board, and the committee was scathing of the failure to do more to bring tourists to Britain.

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# Pill that can help dyslexics think straight

Susan Emmett

Dyslexia and a disorder that causes a form of childhood clumsiness could be treated by taking three fatty acids in pill form, it was claimed yesterday.

Researchers at the Royal Postgraduate Medical School at Hammersmith Hospital, west London, have shown that dyslexics have abnormal brain chemistry that can be corrected by treatment with fats.

And a combination of tuna oil, evening primrose oil, vitamin E and thyme oil was shown to allow better communication between the eye and the brain.

A separate study by the University of Surrey revealed that children with dyspraxia – also known as “clumsy child syndrome” – were less awkward after taking fatty acids. Fifteen children with dyspraxia were tested on co-ordination, fine movement and balance.

In tests over three months, the children improved their manual dexterity and balance. Researchers say this led to improved writing skills and behaviour as well as the co-ordination needed for normal playground activities. But there was still a gap between their skills and those of other children.

Dr Jackie Stordy, a nutritionist from the University of

Surrey, said dyslexia, dyspraxia and attention deficit disorder were closely associated – leading to problems which are distressing both for children and their parents. Such problems often lead to disruptive behaviour and failure at school.

Five per cent of school children are very dyslexic and a further 15 per cent have the disorder in a mild form.

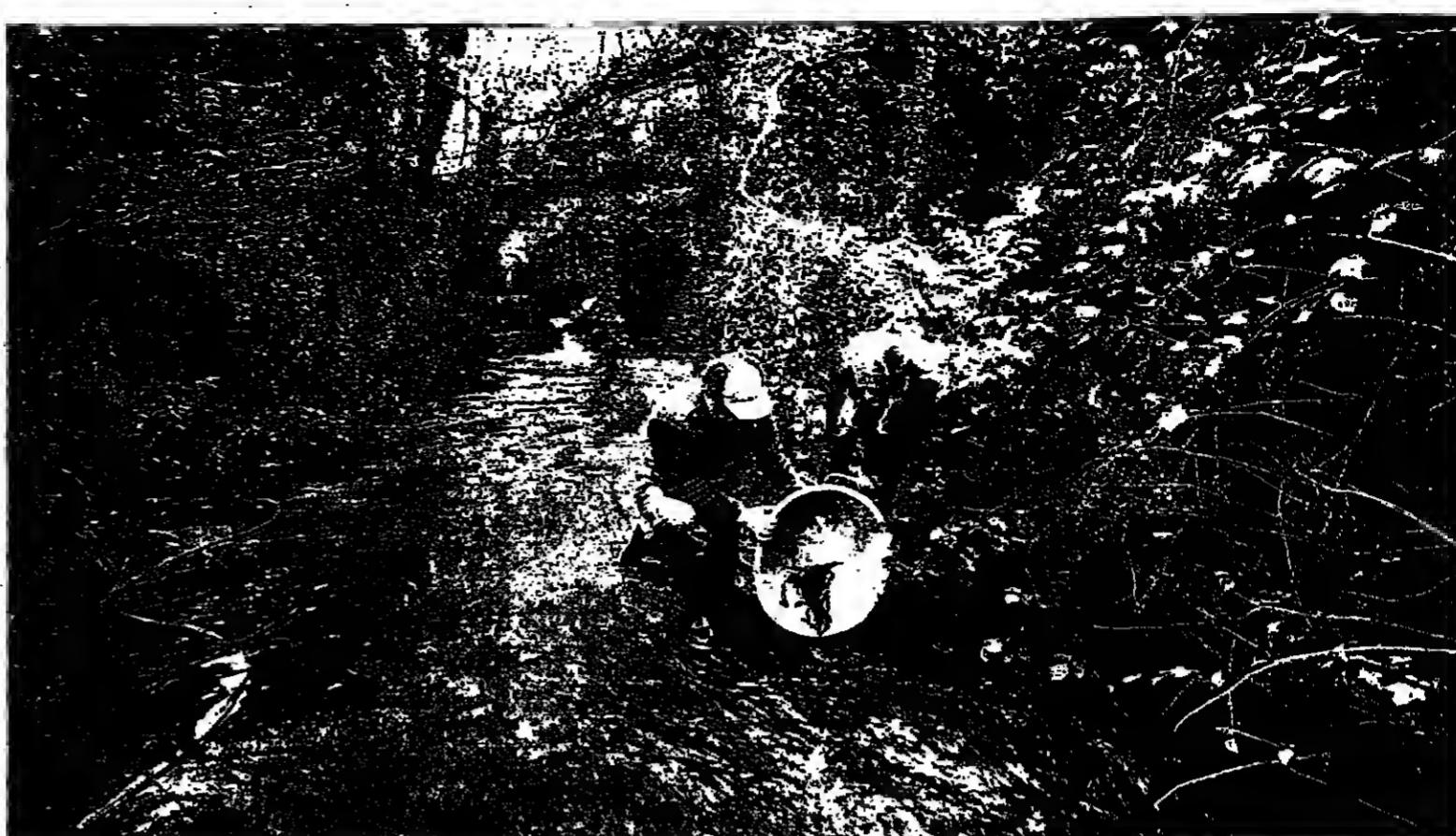
Attending yesterday's conference on the research, were the parents of 12-year-old Christopher Marshall, who was identified as being dyslexic when he was eight and has suffered from low self-esteem to the point of pulling out his hair and harming himself. Since he started taking the supplement Efalex – a combination of the oils – a year ago, his parents say he has improved at school and become much calmer.

Mr Dennis Bateman, a dyslexia consultant, said: “I think the Efalex certainly did influence him but I’m not sure it was the only factor. His concentration is now far better and his productivity has improved but this could be due to his maturing.”

Liz Brooks, executive director for the Dyslexia Institute, said: “It does appear to help the brain work more smoothly. But the biggest problem with dyslexia is the inability to master language skills. I haven’t seen any evidence that it helps children deal with words.”

The central feature of dyslexia is difficulty in learning to read and write, although particular problems with short-term memory and arranging things in order are classic symptoms. Tasks like remembering telephone numbers and learning multiplication tables are very difficult for dyslexics. Many also have difficulty learning to tie shoelaces, do up buttons, balance, and catch.

Dyspraxia is a motor co-ordination disorder affecting interpretation of sound and sight, which leads to clumsiness and balance problems. About 2 per cent of children are affected.



Renewal: Ian Rockley, a fish farmer, and Andrea Buckley, of Kent Area Environment Agency, releasing barbel, dace, chub and roach into the River Teise near Tunbridge Wells in Kent. Thousands of fish were destroyed by a chemical spillage in April

Photograph: Brian Hems

## DAILY POEM

### The Artist's Wife

By Tessa Rose Chester

'An active line on a walk' – Paul Klee

My line returns from its walk  
more smudged than I remember,

blurred by continuing rain.  
Almost a wash of grey.

Dressed in several charcoal veils  
it appears insubstantial,

needing more emphasis  
around the eyes, the breast.

Its ashy curves  
slip deep like a river

down stairs to the gloomy place  
where I have been waiting

to draw this wet vein,  
this dark blood

into my arms again.

Tessa Rose Chester was first an illustrator and is now curator of children's books at Bethnal Green Museum of Childhood. Oxford published her first collection *Provisions of Light* earlier this month.

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The Economist

news

THE BUDGET

# Local authorities to take what the Budget has given

Colin Brown,  
Nicholas Schoon  
and Judith Judd

Homeowners and tenants will face increases of at least six per cent in their council tax next year to foot part of the bill for the one penny cut in income tax announced yesterday in the Budget.

Local councils predicted cuts in a broad range of services in 1997, saying the cash settlement they were getting from central Government was even tighter than last year's. Labour estimated that it would mean a rise for average Band D council tax payers of around £40 next year, but it could be higher in many areas. John Gummer, the Environment Secretary, said the average band D council tax bill could be £591 next year.

Mr Gummer said he intended England's councils to spend £45.7 billion in the next financial year - 2.5 per cent more than they should have spent this year and a rise which is just below the current rate of inflation. But he also made it clear that they were expected to finance a substantially larger rise in education spending, 3.6 per cent, plus similar rises for fire

brigades and policing. That means below-inflation increases for other services, which will either have to be cut or maintained by measures which increase efficiency.

But the financial stresses on councils will be even greater, because trade unions will be putting them under pressure for above-inflation increases in wages and because many are already spending more than their decreed Government budget.

That means they will shed jobs - up to 30,000 was the loss suggested by the Chartered Institute

Leading article, page 17  
Hamish McRae, page 19  
Business, page 20

of Public Finance and Accountancy.

More than three quarters of finance for local councils comes from central Government, either in grants or through the local rates for businesses which it sets. This total from Whitehall to the councils is going up by only 1.5 per cent - which is why council tax has to go up by double the rate of inflation. Frank Dobson, the Shadow En-

vironment Secretary, said: "The Tories are giving with one hand and taking away with the other."

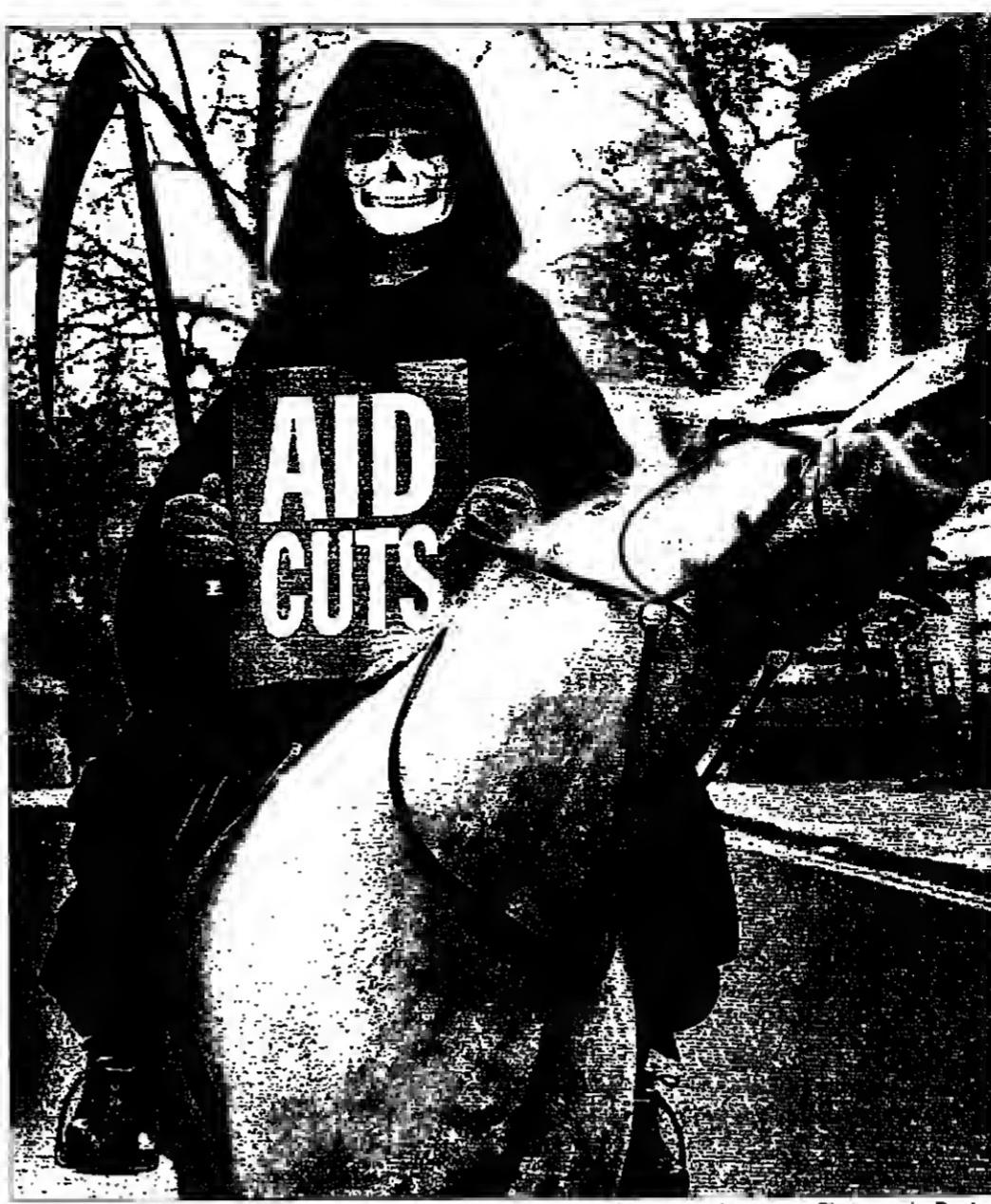
The Government is also setting a tight spending limit on councils - any which try to spend above their cap will have central government funds withdrawn. For several councils, which are spending more than the Government thinks they should this year, that means they can only increase their budgets by one per cent or less - well under the rate of inflation.

Mr Gummer rejected scrapping the caps on spending, after deciding that restraint on the councils was needed to fulfil the Government's target of reducing overall public expenditure as a proportion of GDP to 40 per cent and lower after next year.

The Environment Secretary was blamed last year by Gillian Shephard, the Education Secretary, for failing to secure enough to pay for teachers.

The Government is giving the highest priority to spending on schools for the run-up to the election. Of the £591 million extra money promised for schools in this year's settlement for councils, £500 million will be needed just to keep pace with inflation.

Frank Dobson, the Shadow En-



Grim reaper: A protester demonstrating yesterday against Budget aid cuts

Photograph: Reuters

## Aid cuts 'are a war of attrition on world's poor'

British aid agencies lodged angry protests yesterday at an 8.4 per cent cut in overseas aid spending announced last night. Julian Filochowski, director of the Catholic Foundation for Overseas Aid and spokesman for a coalition of UK agencies, said British aid to the Third World would be slashed by £180m.

"Is this the hallmark of a civilised nation?" he asked. "Following last year's cut, this represents a continued war of attrition against the world's poor."

A group of influential supporters of overseas aid joined the agencies to urge the Government to think again.

The group, which includes the Rt Rev Richard Harries, Bishop of Oxford, and TUC General Secretary, John Monks, said properly targeted aid promoted long-term development and growth and could help prevent conflict.

"We are dismayed that the Government has made a further cut to its already declining aid budget, particularly at a time when Central Africa is in crisis," they said in a joint statement.

Clare Short, Labour spokesman for overseas development, described the new cuts as "immoral". She said: "Last year, they cut overseas aid by £124m and promised an increase this year of £47m."

But the Overseas Development Administration said cuts to £2bn in 1997/98 and £2.1bn in 1998/99 reflected a £150m fall in the amount Britain was forecast to pay through the European Union. The Treasury has guaranteed to pay any spending in excess of the forecasts, while Britain's bilateral aid budget has been protected at £971m.

## Howard sets priorities in crime battle

Jason Bennetto  
Crime Correspondent

make provision for considerable investment in new technology to improve efficiency."

As well as announcing the funding proposals, Michael Howard, the Home Secretary, said his policing priorities for 1997-98 were to maintain and if possible increase the detection rate for violent crime; to target and prevent crimes which are a particular local problem, including drug-related criminality; to provide high-visibility policing so as to reassure the public; and to respond promptly to emergency calls from the public.

After strong lobbying from a number of rural forces, the Home Office backed down on earlier proposals to give more to forces covering the larger urban areas and has spread the extra £247m fairly equally among the various constabularies.

Of the four largest forces, the Metropolitan police will get an extra £38.6m - about 2 per cent - to take their total to nearly £1.7bn. Greater Manchester receives an additional £3.6m to £351m, West Midlands £9.4m to £353m, and West Yorkshire £6.6m to £267m. The total budget for the forces is about £7.3bn.

Ray White, president of the Association of Chief Police Officers, and Chief Constable of Dyfed-Powys, said police welcomed the settlement, but warned: "Police budgets in general do remain under heavy pressure due, for example, to increasing public demand, new legislation, and pension commitments. There is need to

At the last general election, John Major promised an extra 1,000 officers in a year. Yet numbers have actually fallen since 1992."

## Heritage cut puts art at risk

Stephen Goodwin  
Heritage Correspondent

Works of art and other national treasures have been put at greater risk of being exported and lost to the country as a result of a 37 per cent cut in Budget support for the National Heritage Memorial Fund.

Set up to remember those who have given their lives for Britain, the fund's grant has been cut from £8m in the current financial year to £5m next year. The cut exemplifies fears expressed by leading figures in the heritage world that the Lottery is increasingly being seen by ministers as a substitute for state support.

Lord Rothschild, Chairman of NHMF said it was "a sad day" when an institution which had done so much for such a small outlay was to be so drastically undermined.

Earlier this year, the fund gave a grant of £3.6m to save the *Becket Chasse*, a casket depicting the martyrdom of St Thomas a Becket at Canterbury Cathedral. It is now on display at the Victoria and Albert Museum in London.

In its 15 years, the NHMF

has, in the words of its chairman, "happily steered clear of falling into the treacle of bureaucracy".

It has made over 1,000 awards and distributed over £175m - none of it lottery money.

One grant of £3m helped keep the neo-classical sculpture *The Three Graces* by Antonio Canova in Britain, but the fund has also helped save a colony of horse-shoe bats.

Lord Rothschild said the budget cut meant: "The fund of last resort will no longer be in a position to save so many items of national importance."

Only last month, he called on John Major to honour his commitment that money raised by the lottery would not replace existing Government spending.

But Virginia Bottomley, Secretary of State for National Heritage, said her own view of the lottery had "always been pragmatic, problem-solving". Mrs Bottomley has at least Stevens, Chairman of English Heritage, was not forced to carry out his threat to quit if the quango fared badly in the spending round. EH's grant for 97-98 will be £104.5m - £1.8m more than planned.

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## THE BUDGET

## Massaging the body politic: From Demon Eyes to Honest John



New posters, new slogans: John Prescott illustrates the grabbing hand of Labour's new campaign against the Government's tax policies at a launch in London yesterday (left) while the eyes of John Major were unveiled by the Tories as their weapon in the propaganda war against Tony Blair and new Labour. Brian Mawhinney, the Tory party chairman, said the poster depicting the Prime Minister's bespectacled face was intended to convey "Honest John"

## Brown: Families better off under us

**John Rentoul**  
Political Correspondent

Gordon Brown, the Shadow Chancellor, set out his alternative Budget programme yesterday, listing pledges of smaller school classes, shorter NHS waiting lists, jobs for young people and a "fair tax cut" in VAT on fuel.

Leading a Commons debate on the Budget, and in his broadcast reply to the Chancellor's statement, he said "every family in Britain would be better off" under Labour.

Bolstered by overnight polling by the party which suggested that voters were unimpressed by the Budget, believing that the Conservatives "give with one hand and take with the other", Mr Brown needed Kenneth Clarke, the Chancellor, and his number two, William Waldegrave, into intervening in his speech.

Mr Brown quoted the Chancellor's interview at the end of September in which he admitted "the public will be deeply suspicious of any tax cuts in the Budget". Mr Brown told MPs: "His judgement on this will be proved absolutely right."

He responded to a Tory attack on his plans for a windfall tax on the privatised utilities to pay for a welfare-to-work programme. "The windfall tax is not a tax on ordinary families. VAT is a tax on ordinary families," he told the Commons.

He underlined the fact that the tax burden will rise after the Budget measures come into effect, because of the £1bn-a-year hangover from previous tax rises.

He quoted the figure for a net tax rise figure of £350m a year from the official Red Book.

"Now I know the Chancellor didn't read the Maastricht treaty, but he surely should have read the Red Book," he said.

Mr Brown underlined his message in an innovative broadcast last night, in which he declared: "It makes me angry that this morning more than one million of our children went to primary school and sat in classes of more than 30."

## Inquiry into leak 'making progress'

The search for the mole who leaked key Budget secrets 24 hours in advance of Kenneth Clarke's speech began in earnest yesterday amid a welter of contradictory press speculation, writes John Rentoul.

The Prime Minister said: "I think the inquiries have made some progress... but we're not there yet. It was a disgraceful leak. It was someone behaving in an untrustworthy fashion. I hope we will find out who it is soon and I'm glad we managed to get an injunction so nothing was printed in advance. I'm delighted the injunction was honoured."

With dark hints from government sources that the documents returned to Downing Street by the *Daily Mirror* on Monday night contained "something strange" which could identify the source, reports on the mole hunt yesterday focused on Peter Hounam, a freelance journalist who used to work for the newspaper.

Piers Morgan, editor of the *Mirror*, said: "We have not paid any money. I am not going to go into details of the source or private arrangements."

A spokesman for The Stationery Office - "HM" was dropped when the body was privatised earlier this year - confirmed it was co-operating with police inquiries.

The Stationery Office is believed to handle the printing of some of the press releases which are issued with the formal Budget documents. It was 36 of these releases which were obtained by the *Mirror*. The documents were probably printed last Friday - the same day that the new owners of the Stationery Office announced 900 redundancies in an effort to cut losses.

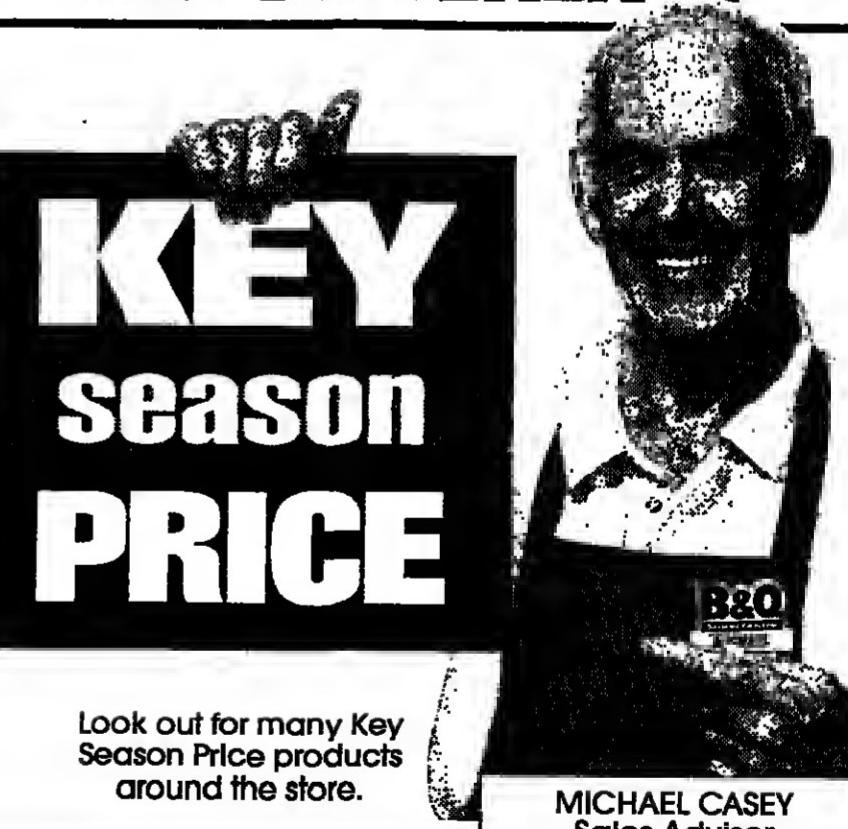
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## 12 international

# Poland shamed by child sex abuse scandal

**Adrian Bridge**  
Central Europe Correspondent

Poland yesterday became the latest European country to be rocked by a child sex abuse scandal when it emerged that more than 100 boys had been lured into a homosexual paedophile ring masterminded by a former army officer.

According to police investigators in the northern city of Szczecin, foreigners, including Swedes, Germans and Russians, were among the customers of the ex-officer, known by his underworld name as "the Major".

"Since the fall of the Berlin Wall, children from East Europe have been particularly vulnerable to this sort of trade," said Helena Karlen of ECPAT, a lobby group pressing for an end to child prostitution. "Free travel and communication has made them an easier target for western paedophiles."

Although the sexual abuse of children in Europe is hardly new, awareness of the problem was heightened by the gruesome revelations in Belgium

earlier this year centering on Marc Dutroux, the leader of an alleged paedophile ring involving the systematic abuse and even murder of young girls.

Since then, further child sex rings have come to light in Hungary, Slovakia and Austria, prompting fears of an extensive network of inter-linked paedophile groups, many of which appeared to be making use of the Internet to transmit pornographic pictures of children and contact addresses.

Initial findings in Szczecin point to more conventional methods of soliciting for custom. According to police, "the Major" placed a series of adverts in gay magazines in which he offered to act as a go-between for homosexuals seeking sex partners. The vast majority of the ex-officer's clients – which numbered more than 1000 – were only interested in sex with other adults. But some 100 to 150 had specifically requested underage partners.

The ring's existence was revealed late on Tuesday by Polish television's *Wladomosc*. The ring's existence was revealed late on Tuesday by Polish television's *Wladomosc*.

programme which showed explicit but electronically-blurred photographs of men and boys engaged in sexual activities. Boys interviewed in the programme, mainly aged 14 or 15, said they had been picked up at railway stations and amusement arcades and taken back to the Major's home where, having been promised interesting computer games, they were plied with alcohol and sexually abused.

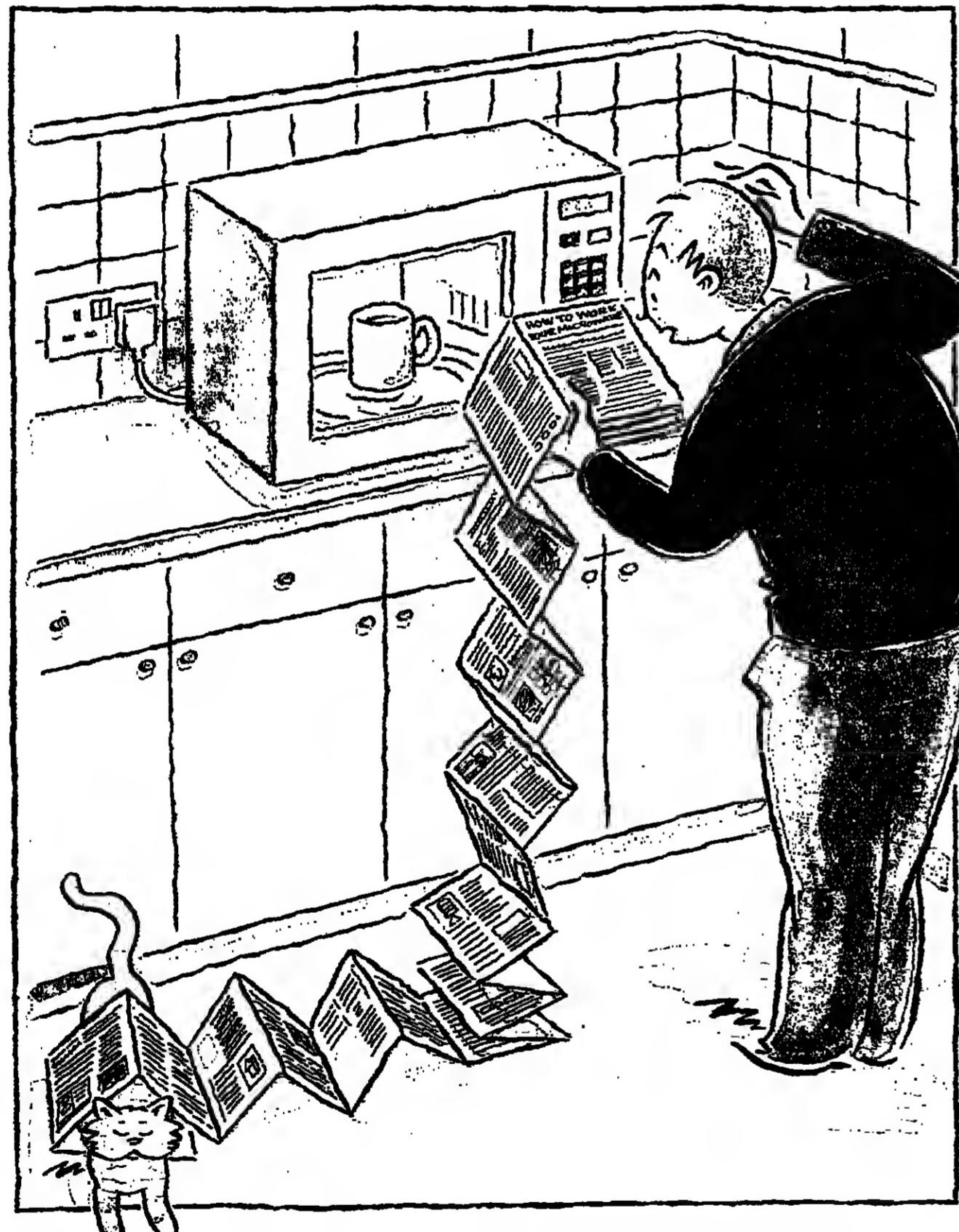
Their names would then appear on the ex-officer's register, where they would be listed as minors seeking "sponsors" who would support them financially. One of the boys already questioned said he had had a "sponsor" who promised to try and get him Swedish citizenship.

"People you would never suspect, well-educated and well-established in their fields, can turn out to be child abusers," said Mrs Karlen. "And although they are obviously not all connected or working through just one group, paedophiles will always try to cover up for each other."

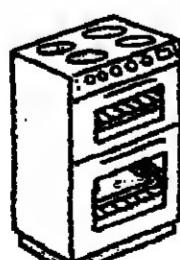


Take aim: A demonstrator throws an egg at the Serbian television building in Belgrade during protests against a rerun of local elections which the democratic opposition says it won freely and fairly on 17 November

Photograph: AFP

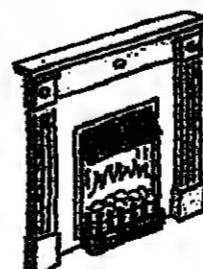


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## Tudjman and Milosevic face mass protests

**Tony Barber**  
Europe Editor

Anti-government demonstrators in Serbia and Croatia took to the streets again yesterday as a tide of popular unrest gathered against the autocratic political systems of Presidents Slobodan Milosevic and Franjo Tudjman.

Tens of thousands of Serbs marched through Belgrade to denounce the authorities for organising a rerun of local elections which the democratic opposition says it won freely and fairly on 17 November.

In Zagreb, about 1,000 public sector workers called for the resignation of Croatia's Prime Minister, Zlatko Matesa, during a demonstration for higher wages. Meanwhile, the liberal head of Croatia's Supreme Court, Kruslav Oluic, who was suspended by the authorities on Tuesday for alleged sexism with minors, condemned the decision as illegal and politically motivated.

The protests pose difficult policy choices for Western governments, which have relied heavily on Mr Milosevic and Mr Tudjman to keep the fragile year-long peace in former Yugoslavia. Although neither leader appears on the point of falling from power, the demonstrations are a reminder of the discontent and frustrations that have long lain below the surface in Serbia and Croatia.

The Croatian protests were sparked by an inept attempt by the government to close a popular independent radio station.

While the Serbian unrest followed the annulment of municipal election victories by the opposition Zajedno (Together) coalition. Taken together, the protests have revealed a yearning for democratic change that places a question mark over the Western courtship of Mr Milosevic and Mr Tudjman as agents of peace and stability in the Balkans.

Both men were instrumental in breaking up former Yugoslavia and colluded, directly or indirectly, in the de facto partition of Bosnia-Herzegovina during the war of 1992-95. Yet both also made important contributions to last year's Dayton peace settlement.

With thousands of Nato troops in Bosnia, Western governments have preferred to focus on the roles of Mr Milosevic and Mr Tudjman as guarantors of the peace, rather than highlight the authoritarian features of their domestic systems. This has caused bitterness in the Serbian and Croatian opposition, whose members contend that the West is compromising its principles by co-operating with Mr Milosevic and Mr Tudjman.

Mr Tudjman vowed to resist foreign interference in Croatia's internal affairs under what he called the pretext of human rights concerns.

Mr Milosevic has reacted to the unrest in Serbia by restricting the print run of the country's most popular independent newspaper, *Blic*. He has also ensured that state television has barely reported the daily protests in Belgrade.

## Juppé passionate about the euro

**Mary Dejevsky**  
Paris

The French Prime Minister, Alain Juppé, yesterday mounted a forthright and stylish defence of the franc and France's commitment to the single European currency, describing it as a "factor for stability without precedent" that would give Europe a currency of "critical mass" in relation to the dollar and the yen.

Mr Juppé also supported German calls for a monetary system that would embrace both those European currencies which intended to join the single currency at the start, and those which did not (the "ins" and the "outs"), to prevent the outs benefiting from the flexibility of their currency in the transitional period. He said he hoped such a mechanism would be agreed at the European summit in Dublin next month.

Mr Juppé was opening a five-hour debate in the French parliament which had been called to hear a ministerial statement in advance of the Dublin summit but became, in effect, France's first, and highly impressive, parliamentary debate on the euro. The transformation from hum-

drum recital to high parliamentary occasion took place thanks to a magazine article penned by the former president, Valéry Giscard d'Estaing, last week in which he advocated a *de facto* devaluation of the franc, both against the Deutschmark and against the dollar.

His discussion of two taboo subjects – the pegging of the franc in the Deutschmark and the abandonment of the "strong franc" – had unleashed a torrent of passion for and against, and destabilised the franc on international markets for several days.

Mr Juppé, with the clear backing of President Chirac, used yesterday's debate to set out France's "clear and coherent policy towards Europe" and to offer a point-by-point rebuttal of the arguments deployed by Mr Giscard d'Estaing.

He insisted that the was no need for any change in the rate of the franc to the Deutschmark which had remained "remarkably stable without any artificial devices over the months" and cited France's strong foreign trade surplus as a reason why devaluation was unjustified.

مكتبة من الأصل

# Reign of terror mocks democratic charade

## 'Fundamentalism like death' has nation in its grip

Algiers — "It's worse than you think, Monsieur Robert," our driver said. And who were we to disbelieve him? The stories of throat-cutting and rape in the countryside outside Algiers are true, the fear in the city almost palpable.

"Take your badge off," an official shouted at me as I left a government building yesterday morning. He was being kind — he didn't want me to walk the streets of Algiers with a ministry pass proclaiming my identity as a foreign journalist. Staying alive has become the preoccupation of everyone here.

"Algiers La Blanche" is still a place of breathtaking beauty, with its white-painted French apartments running down to the great and wind-wrinkled bay. But one looks at it through a glass darkly. As many as 200 men and women are now dying every week at the hands of the "Islamists" and government security men in the country's terrifying war.

The figure is widely believed, but there is no official death toll from a military-backed government which not only controls "security" news but insists that its "war against terrorism" is so successful that Algerians should vote today in a constitutional referendum.

The police have already moved into schools to prevent the Islamic Armed Group (GIA) blowing up polling stations. In the slums of Bab el-Oued, the people have stocked up on food in case the GIA follows through on its threat to "break the neck" of anyone who votes. Given the record of the past few weeks, neck-breaking would be a charitable way of dying, though you wouldn't know that from the papers. The government has seen to that.

In yesterday's edition of *Liberte*, for example, you could find some ritual expressions of condolence in the personal col-

### INSIDE ALGERIA

Robert Fisk

ums for the families of Madame Miassa Khelil and Mr Rabah Tarik, both recently "deceased". There was further grief expressed by families for the "true loss" of Zaddem Sid Ali, for his wife and for their two small daughters, Nazha and Selma". Since things are supposed to be getting better in Algeria, mourners cannot say how their loved-ones died.

A little research by *The Independent*, however, revealed

**Stories of rape and throat-cutting in the countryside are true, fear in the city is palpable**

the truth. Madame Khelil and Mr Tarik, who were both government officials in Bourguiba's regime, were stopped by Islamists wearing police uniform at a *jazz-bar* — a fake roadblock — on the road to Tiarer. Their throats were cut.

Zaddem Sid Ali and his family — he worked for the government furniture import company — were stopped on a road near Chlef and assassinated. No-one would say how.

So have 50,000 died in the Algerian war since the government suspended the elections which the Islamic Salvation Front were stopped on a road near Chlef and assassinated. No-one would say how.

All we are told is that a vote will help to secure the democracy which President

Liaamine Zeroual's election a year ago set in motion. And we Europeans — as frightened of Algeria's calamity as we are desperate to ignore it — are being invited to believe that the new constitution will prevent political parties based on religion, effectively depriving the outlawed FIS of any future existence. There will be no more Islamic victories in future elections.

But the new constitution also provides for a new Algerian upper house of parliament, one-third of whose members will be appointed by President Zeroual and three-quarters of whose members will have to approve new legislation — which effectively gives the president a veto over the entire parliament.

It also acknowledges an Arab identity and recognises the Amerzait language of the powerful Kabyle minority — without officially acknowledging the language.

Opponents of the regime thus suspect that the new constitution — far from reconstructing "democracy" — is intended to provide a facade of pluralism behind which the old National Liberation Front (FLN) and their cronies, along with "soft" Islamic groups, such as the Algerian Hamas movement, will recreate the old one-party state.

And when Dr Said Saadi, the Kabyle leader of the Rassemblement de la Culture et la Démocratie (RDP), tried to put Algeria's democracy to the test yesterday, it was indeed found sadly wanting. Having been invited to address journalists at the government's press centre, he was forbidden entry by a policeman — a very large policeman in a blue uniform with lots of silver braid — on the grounds that the RDP leader did not possess a government badge.

"A year after the presidential elections, the political impasse is total ... society is ruled by terror ... the former FLN people are taking over ... the press is attacked, corruption is taking off again ... nothing seems to discourage or deter the regime even if this leads to a social explosion."

But there was no coffee for us at the Anras, just words. Harsh, dark words of pessimism. "In Algeria, no-one listens to us unless they do it with listening devices," he muttered.

"OK," Dr Saadi shrugged in our direction, "I invite you to take coffee with me at the

Aurassi Hotel — we're better off there than in this suffocating place."

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"OK," Dr Saadi shrugged in our direction, "I invite you to take coffee with me at the

rested at Kalashnikov point" because they criticised President Zeroual. An old man, Dr Saadi added, had told him how parliament had more rights under the French than under the current Algerian regime. Algeria was not experiencing a civil war because "this is not a war between civilian parties but against civilians".

Algerians in France, able to vote early, have shown little enthusiasm for the referendum. Of those I spoke to here, some shrugged weakly at the prospect

of voting again, others claimed the poll was a trap, while one enthusiastically supported the new constitution on the grounds that Algeria needs a dictatorship.

All across Algiers, you can see the gap-toothed symbols of this pessimism. The wreckage of the Hotel d'Angleterre, blown up by a bomb in September — one dead, said the government, 10 said a café proprietor, 83 said a man whose friend lost a leg in the explosion.

"There's another café they've just blown up," our driver said as we passed a boarded-up shop in Dr Franz Fannon Street. "The police used to take breakfast there, so they bombed it."

"No wonder Dr Saadi's bleakness is infectious. Firmly supporting the village "auto-defence" militias — widely believed to include death squads — he had no doubts about the Islamists.

"Fundamentalism is like death," he said. "You only experience it once."

Again ... nothing seems to discourage or deter the regime even if this leads to a social explosion."

It went on and on. Poverty, corruption, censorship. "Those who are not killed by the GIA are persecuted by the regime," Dr Saadi announced. When a man in Berjala had supported the RDP's call for a referendum boycott two days ago, he had been kidnapped — the implication was that this had been done by the security authorities — while 12 students had been arrested at

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## 14 International

# World Bank despairs of US capital

**John Carlson**  
Washington

Critics of Marion Barry, the convicted crack-smoker who acts as mayor of Washington DC, have been describing the capital of the world's mightiest nation for some years now as an outpost of the Third World. Fanciful?

A ludicrous, racially inspired exaggeration? In the past, maybe, but no longer. Consider the facts. A retired army general has led a silent coup to overthrow the tin-pot mayor and the World Bank has suggested that in order to provide citizens with "decent education and other basic services" it would be wise for the authorities to learn from the experience of developing countries.

James Wolfensohn, the pres-

**Mayor Barry has enjoyed the perks of his position as Washington sinks into a bog of depravity**

ident of the World Bank, said in a speech in Washington on Tuesday that he would like members of his staff with experience of combating poverty abroad to work more closely with community groups around the city, to contribute their international expertise in areas such as health, nutrition, education.

"One of the clear lessons we have witnessed in a developing country," said Mr Wolfensohn, addressing Washington dignitaries in a luxury downtown hotel, "is that investment in education pays off."

"It worked in East Asia... As you all know, improving the quality of education must be a cornerstone of Washington's economic and social revival."

If the senators, congressmen and other American patriots present did not take offence at being lectured by an Australian

in the manner he might employ before an audience in Kinshasa it was because they knew he was speaking bitter truths.

Mr Barry fits the profile perfectly of the caricature Third World dictator. A self-deluded narcissist who surrounds himself with yes-men and criminally minded cronies, the mayor has sat back and enjoyed the perks of his position as Washington sinks into a bog of misery and depravity. The city is divided, as sharply as Johannesburg and Soweto ever were, into pockets of white affluence and large swathes of dereliction where the only people on the crime infested streets are impoverished, often drug-addicted blacks.

It took action by Congress last week to throw out the elected school board and replace it with a new system headed by a hard man from the army, General Julius Becton. A similar clean-out is expected soon in the police department, the city government's most powerful institution.

Under Mayor Barry's stewardship such was the collapse in the department's hiring standards that the *Washington Post* was moved to write this week that "the police conducted background checks Caligula could pass".

Mr Barry, who said "I know I've been a great mayor" upon his return last week from an 11-day trip to the Far East, is in denial. One of the guests on the podium at the World Bank function on Tuesday, left the room moments before Mr Wolfensohn took the floor and did not return until the speech was over.

A journalist who followed him out spotted him on the first floor of the hotel having his shoes shined. Mayor Barry must have been aware of the embarrassment that lay in wait for him. For Mr Wolfensohn's remarks were surely not unconnected to the fact that one night three weeks ago he and his wife entered their palatial Washington home to discover that two armed men were on the premises. The men fled and the Wolfensohns were unburt.



Divided land: an Israeli soldier standing guard outside the Jewish West Bank settlement of Bait Hadassah yesterday

Photograph: Jim Hollander/Reuters

# Netanyahu says Palestinian land is empty

**Settlements still threaten peace process, Patrick Cockburn reports**

Jerusalem - standing on a hilltop in Ariel, one of the largest Israeli settlements in the West Bank. Benjamin Netanyahu this week declared the land he saw before him "empty" and ripe for the construction of more homes for settlers.

Even the US State Department, not known for its critical attitude to Israeli policies, objected to the Israeli Prime Minister's remarks, saying his call "for an expansion of settlements is certainly not useful and not constructive".

Mr Netanyahu first attracted public attention as a young Israeli diplomat in the US in 1983 when he published an article in the *Wall Street Journal* arguing that Palestinians were not at the centre of the Middle East conflict.

On his first visit as Prime Minister to the West Bank, where 140,000 Jewish settlers live in the midst of 1.5 million Palestinians, the Israeli leader showed that he still believes that Palestinian sensitivities can be disregarded.

"Why shouldn't the settlements here be developed?" Mr Netanyahu asked innocently. "Is anyone stopping the development of the Arab villages nearby? Am I preventing this? Am I choking them?" To Palestinians the answers to such questions are obvious. Atallah Amira, 36, was shot dead by Israeli troops this month during a protest 15 miles south of Ariel. His last act was to wave documents as evidence of his claim to own grazing land, which bulldozers were clearing to expand an ultra-Orthodox Jewish settlement at Kiryat Sefer. A UN study shows that average per capita income on the West Bank has fallen by 27 per cent in four years because of Israeli closures.

In theory, no new settlements are being built in addition to the 144 already constructed. But Khalil Toufekji, a Palestinian cartographer, says: "The Israelis say there is a new expansion, a new

settlement activity is greatest in part of the West Bank west of the city of Ramallah. Mr Toufekji says that by building on the Green Line, the old 1967 border of the West Bank, Israel wants to obliterate its political significance by creating an Israeli majority in the area.

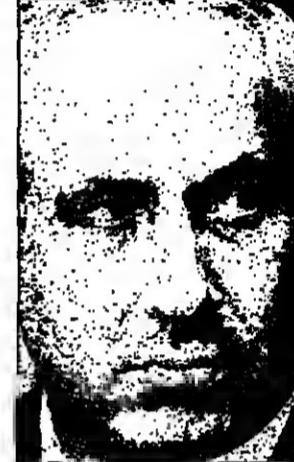
A conscious effort is also being made to settle ultra-Orthodox Jews, who are not Zionists, but are seriously short of housing because of their large families. Mr Netanyahu often defends himself by saying that the last Labour government increased the number of settlers by 50 per cent. The figure is exaggerated and the expansion was mainly focussed on the greater Jerusalem area.

Prof Baruch Kimmerling, a political scientist at Hebrew University, says that Labour made a disastrous mistake by failing to remove most of the settlements, thereby ensuring that two peoples who detest each other are crowded together, fighting for the same small space.

Most settlers are on the West Bank because they are religious nationalists who believe it is *Eretz Israel*, the land given by God to the Jews. Professor Kimmerling argues that by allowing them to remain, the Oslo agreement ensured maximum friction between hostile populations. He says Palestinians know settlements "are placed there to inherit the land from the non-Jews".

Their inhabitants see Hebron, Nablus and other West Bank cities as Jewish and hope that "the miracle of 1948," which - in their language - cleansed the land of the Arabs will return in one form or another.

Mr Netanyahu may not favour ethnic cleansing, but his belief that the West Bank is "empty" will worry Palestinians.



Netanyahu: his stance on settlers has annoyed US

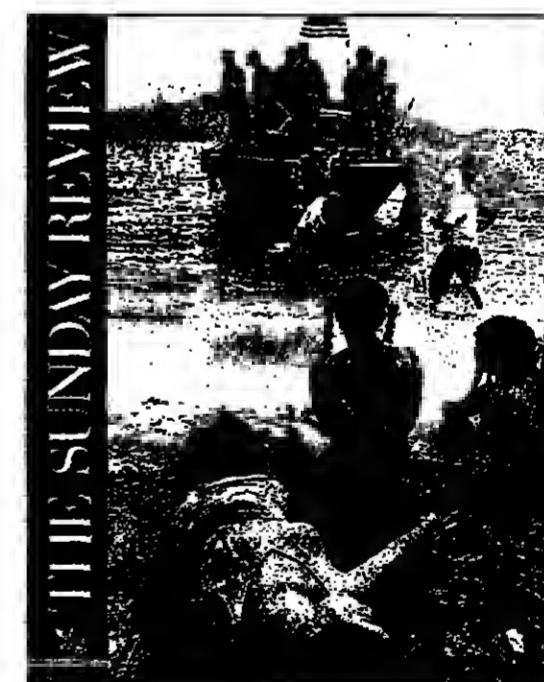
# Air drops plan for Zaire

Naples (Reuters) — United States Defence Secretary William Perry yesterday ruled out sending a US combat force to Zaire but said Washington was ready to take part in a Canadian proposal to parachute food to thousands of Rwandan refugees in Zaire if necessary.

"We are not planning a military operation," said Mr Perry. He said that he expected final plans to be made in the next day or two for a possible Canadian-led multinational force in central Africa that could air-drop aid to refugees or oversee food distribution on the ground.

Bowing to Canadian pressure to get an aid programme going, Mr Perry also said: "If they move forward with the air-drop operation, we would certainly be in there as a full participant in it."

Relief experts estimate that several hundred thousand Rwandans remain displaced in Zaire and could face hunger and disease if they are not helped.



Philip Jones Griffiths's pictures of the world's troublespots have inspired generations of photographers, yet he's never quite become a household name. Murray Sayle tells the curious tale of the Welsh Don McCullin

With over two million people now working from home, the distinction between domestic and office environments is blurring. In the first part of a new series on the Future Home, we explain how you can prepare for tomorrow's world today



If Labour wins the next election, Jack Cunningham will be in charge of the arts. Yet his enthusiasm for the job, and for the arts, is in some doubt. Marianne Macdonald asks him some awkward questions

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# Disney stands by Dalai Lama

David Usborne  
New York

In a collision between Mickey Mouse and Mao, the Walt Disney Company is refusing to yield to pressure from Peking to abandon production of a new film about the exiled spiritual leader of Tibet, the Dalai Lama.

The entertainment behemoth has swept aside speculation that it might ditch the film, being shot in Morocco by the director Martin Scorsese, because of hints of retribution from the authorities in Peking.

"We have an agreement to distribute the film and we will honour it," a spokesman for the company said in a one-line statement. "We won't be dissuaded," another Disney official was quoted as saying yesterday.

Chinese officials are believed to have privately voiced displeasure to Disney executives about the film, to be called *Kundun*, even though the company has plans only for its release in the United States late next year through one of its distribution subsidiaries, Touchstone.

China is trying to tighten its control over Tibet, which it annexed in 1951. The Dalai Lama, who fled Tibet in 1959, is accused of trying to stir up a revolt in the region from his base in exile.

The affair highlights the problems that entertainment giants such as Disney are beginning to face as their ambitions to sell their products globally clash with cultural and doctrinal concerns in countries such as China.

It evokes the row that erupted in 1994 when Rupert Murdoch removed the BBC's World Service Television from his North Asia satellite after China objected to some of its content. Mr Murdoch's agreement to eject the BBC rather than risk his nascent business relationship with Peking.



China's Panchen Lama hands the ceremonial *hada* to Zhao Puchu, chairman of the Chinese Buddhist Association in Peking last Friday. Photograph: AP



Dalai Lama: His chosen Panchen is held in custody

## China offers the world a sight of its approved Panchem

Teresa Poole  
Peking

The Tibetan religious ritual to mark the first anniversary of the enthronement of a seven-year-old boy as the Panchen Lama was held last week – in secret and in Peking. Such is the opposition in Tibet to China's selection of Gyantse Norbu as the second most important Tibetan religious figure that even the announcement of the ceremony was not made until yesterday.

The Chinese newspaper yesterday published a picture of the ritual, held last Friday in the Temple of Harmony and Peace in the capital. Since the enthronement a year ago, which took place in Tibet, Gyantse has spent much of his time in

Peking under the supervision of the Chinese government.

In Tibet, most people still silently recognise another seven-year-old boy, Gedhim Choeky Nyima, as the true reincarnation of the Panchen Lama. Gedhim was named in May 1995 by the Tibetan spiritual leader, the Dalai Lama, but he was immediately rejected by the Chinese government.

The Chinese reports of Friday's ceremony described how monks pounded drums, rang bells and chanted Buddhist scriptures. The photograph showed Gyantse, dressed in lama robes and hat, looking serious and surrounded by older monks.

Despite the crackdown on supporters of the Dalai Lama in Tibet, the Chinese have

# South Africa snubs Taiwan

Teresa Poole

South Africa yesterday dealt Taiwan its worst diplomatic blow for years by announcing that it has dropped recognition of the island state in favour of the People's Republic. The announcement was made by President Nelson Mandela, who said the process would be completed within a year.

For Peking, the decision marks a diplomatic triumph. Although a switch was inevitable, it has come much sooner than expected. Three months ago, Mr Mandela said it would be "immortal" for South Africa to drop Taipei. Although historically it was the apartheid regime which formed close links with Taiwan, parallels had been drawn between the political reform process in South Africa and Taiwan's embrace of democracy with presidential elections in March this year.

South Africa was, until yesterday, the most significant country to recognise Taiwan. The majority of those remaining are in Central America and Africa, and Taipei may now worry that other African countries will follow Pretoria's lead.

Mr Mandela yesterday said that continuing relations with Taiwan were "inconsistent with South Africa's role in international affairs". He expressed South Africa's great appreciation for Taiwan's assistance in the transition to democracy in South Africa. He hoped cordial relations would continue, and that South Africa would be able to conduct "constructive relations" with Taiwan.

Taiwan said recently that it would no longer "buy" diplomatic recognition, a reference to its past practice of pouring funds into countries in return for diplomatic ties. In practice, Taiwan's major trading partners, all of whom recognise Peking, have established unofficial representative offices in Taipei which act as quasi-embassies. Peking refuses to have diplomatic relations with any country that formally recognises Taiwan, which it insists is a renegade province of China.

## significant shorts

### Norwegian intermediary resigns

The former Middle East mediator Terje Roed-Larsen quit the Norwegian government yesterday amid a scandal over alleged irregularities in a share-option deal 10 years ago.

Roed-Larsen, Minister for National Planning in the Labour minority government, caved in after a two-week media campaign accusing him of not telling the whole story about a 600,000 crown (£50,000) share-option profit he made while a marketing director at the fisheries company Fideco AS Reuter - Oslo

### Swiss to study finance deals with Nazis

Switzerland's upper house of parliament voted for a sweeping study of Swiss financial dealings with Nazi Germany and the fate of Jewish wealth stashed in Swiss banks during the Holocaust. The 37-vote was almost the final hurdle for a bill to create a panel of independent historians and experts after unanimous backing from parliament's lower chamber and the cabinet. Reuter - Berne

### Bhutto's husband may go free

Pakistani authorities have withdrawn an order under which the ousted prime minister Benazir Bhutto's husband, Asif Ali Zardari, has been detained for three weeks, a court was told. But it was not immediately known whether Mr Zardari, arrested on 5 November when President Farooq Leghari dismissed Ms Bhutto's government, had been released or re-arrested under a fresh order. Reuter - Lahore

### Patten defends introduction of subversion bill

Chris Patten, the governor of Hong Kong, defended his government's move to introduce a new anti-subversion bill before the colony's return to China and criticised Peking for refusing dialogue on the issue.

"Very reluctantly, we decided that we would need to go ahead to honour our commitment to Hong Kong," said Mr Patten, who is in Tokyo on a six-day visit. Reuter - Tokyo

### Kim Jong II visits Korean border

North Korea's leader Kim Jong II has visited the sensitive border village of Panmunjom inside the demilitarised zone that separates the two Koreas, the South's media reported.

South Korean intelligence officials said the visit was Kim's first to the area and indicates he is in firm control of the country following the death of his father, President Kim Il Sung, more than two years ago. AP - Seoul

### Denture thief remains at large

A mystery surrounding the theft of several sets of false teeth from a Bratislava old people's home was partially solved when a shoe box containing the dentures was found, the TASR news agency reported on Wednesday. But the thief, who reportedly stole the teeth from their overnight glasses, remained at large. Once the box was found, the owners of the teeth were grinning from ear to ear, though only after trying on several sets to identify which were theirs. Reuter - Bratislava

## Russian fears over Chechen warrior's play for power

Phil Reeves  
Moscow

Even more moderate Russians find it hard to bring themselves to utter his name without a curl of the lip. He is, in the eyes of most of those north of the Caucasus, a seasoned terrorist who brought about some of Moscow's deepest humiliations during the Chechen war. Yet if he gets his way, he may also be the republic's next president.

According to the Itar-Tass news agency, Shamil Basayev, hijacker, mass hostage-taker and celebrated warrior-commander, is one of those running for the leadership of a new government in Chechnya, where election campaigning officially began yesterday.

If he wins, the Kremlin will have to work with a leader who was not only long regarded as one of Russia's most wanted men, but who is also an uncompromising advocate of complete independence for the republic – an issue over which the Russians and the Chechens still disagree.

The 31-year-old commander has reportedly pledged to campaign against crime, saying that he wanted to prove "his ability not only to fight but to build a peaceful life". It is a platform that Russians will regard with irony, given their knowledge of his curriculum vitae.

In November 1991, he was part of a group that sought to publicise the Chechen chief-of-staff, Aslan Maskhadov, who is widely rumoured to be contemplating a run at the post. A popular figure, whose comparatively moderate politics may appeal to the pro-Moscow-minded minority in Chechnya, he has been the front man in the peace negotiations.

But his most audacious headline-grabbing venture was to lead a band of Chechen fighters in a raid on the southern Russian town of Budionovsk, where they seized more than 1,000 hostages and holed up in a hospital. Again, he managed to force his opponents – in this case, the Russian Prime Minister, Viktor Chernomyrdin – to agree to allow him and his men

to return home. The episode, in which more than 100 people died, is still the source of profound resentment in Russia. So what are his chances of victory? He is, in the eyes of most of those north of the Caucasus, a seasoned terrorist who brought about some of Moscow's deepest humiliations during the Chechen war. Yet if he gets his way, he may also be the republic's next president.

He is not a fighter but a politician who has proved he can work with the Russians. At 44, he has the advantage of age – a factor that matters in an Islamic society where elders traditionally make the decisions.

A challenge may also come from the Chechen chief-of-staff, Aslan Maskhadov, who is widely rumoured to be contemplating a run at the post. A popular figure, whose comparatively moderate politics may appeal to the pro-Moscow-minded minority in Chechnya, he has been the front man in the peace negotiations.

It is too early to predict a winner, but both are formidable opponents. What is clear is that the mere candidacy of Mr Basayev has further soured the mood in Moscow over the disastrous 21-month Chechen war.

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# A government's Holy Grail: the invisible tax

**A**fter centuries, the hunt is still on. Ken Clarke tried stalking a few yesterday. Gordon Brown claims to have his own spaces all set. And Liberal Democrat policy documents have been peppered for years with tall tales of creatures already captured and strung up. Everyone is desperately searching for that mythical beast: a popular tax.

From wigs to numerous windows, gas-guzzlers to mobile phones, politicians have searched for things to tax which suggest extravagance in the abstract, but are actually used widely enough to make taxing them worthwhile. The French minister Colbert's maxim about the secret of taxation being to get the maximum possible number of goose feathers with the minimum amount of hissing holds good. But, though this has always been hard, it is perhaps particularly so in modern Britain. For 17 years we've been educated to hate taxes – not just personally, but generally, too, as initiative-sapping, job-destroying, socially dangerous statist drags.

Yet, throughout those years, it has also been clear that destroying the services those taxes fund is not an option either. For all our antipathy to the Inland Revenue, we still love our accumulated public services. Cut our hospitals and we all bleed. Undermine our schools and we all get stroppy. Politicians who are tempted to tamper

with the big blocks of public spending do so at their peril – as the Conservatives well know. After decades of tax-cutting, state-cutting rhetoric, the public sector still takes up about the same share of the national cake today as it did in 1979.

So what is to be done? The most obvious and well-tried trick has been to switch the tax to something new and hard for voters to spot in everyday life. Geoffrey Howe managed it by raising VAT in 1979. A tax hike hidden amidst price increases in the shops caused a Commons storm but slipped quietly out of taxpayers' minds. The next tax success was the use of asset sales to fund temporary real tax cuts. The trouble was, you can't sell off the power stations, gas pipes, telephones and water meters more than once. Eventually, the saleroom was more or less empty.

Pushing taxes back up again to fill the gap was exactly what destroyed the Government's popularity after the 1992 election. No wonder Kenneth Clarke is struggling now to find a sustainable way to bring them back down again. And it is no surprise, too, that Labour are not opposing Mr Clarke's Budget tax cuts, or promising income tax hikes for ordinary voters themselves.

However, neither party has plausible plans to cut the overall tax burden. Ken Clarke did not – despite yesterday's headlines – deliver a real tax-



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cutting Budget this week. Yes, net taxes will go down by a tiny amount. But the effects are marginal. All he has done in fact is redistribute the tax burden again. And this time he has a couple of new tricks – variations on the old tax-hiding theme – to help him get away with it.

Obscured on Tuesday, revealed in more detail yesterday, Mr Clarke's way of balancing the books is to push up the taxes levied by local authorities, and to postpone other tax rises until after the election. Councils across the country are being told to spend more on schools. But their grants from central

government are being cut and they will have to raise the cash from local Council Tax payers instead. Clearly the Conservatives hope the public will be ill-informed enough to blame their local politicians – mostly Labour – for the squeeze on local services and the rising Council Tax bill. Raise taxes, and pass the blame.

This kind of dodging is very damaging to the structure and legitimacy of local democracy. By burdening local government with the most unpopular kind of lump-sum taxes, then forcing them to increase them, national politicians are turning their local counter-

parts into figures of loathing and resentment. They may not much care. But, we strongly suspect, it won't work anyway. The last time pass-the-blame was played, when the poll tax was introduced, blame for the new tax stubbornly refused to shift from Westminster.

The likelier tactic is the old one – find unpopular things and tax them. Today, any democratic Western party is likely to turn eventually to taxing pollution and traffic, just as the Conservatives have done and Labour would do. The war on "alcopop" drinks is just the latest in a long line. But there is a more substantial hate-figure, discovered by the press and quickly exploited by Labour – the "fat cats" and the privatised semi-monopolies of the utilities. Here, it is clear, a straightforward political race is now on to tax them. Gordon Brown was there first, but his proposals on share options and tax loopholes have been largely adopted by the Government. Now, as we report today, the Conservatives are mimicking aspects of Labour's promised attack on the utilities.

Well, that's competitive politics – just the sort of auction that has always been a part of representative democracy. It will, inevitably, go too far, and the denuded geese – or starving felines, depending on your metaphor – will find life unexpectedly tough for a while, no matter who is in power. And

then, inevitably, the politicians will have to search for a new line of attack. And perhaps by then, the growing evidence of public disquiet about disparities in pay will provoke a new fashion ... for income tax.

## Walkers for freedom

**T**here was an old socialist cartoon which had a working-class walker confronting a mounted landowner. The owner orders the proletarian off his land. Why? he demands. Because I own it. Why do you own it? Because my family has owned it for hundreds of years. How did they get it? They fought for it. Right, says the sturdy trespasser, rolling up his sleeves, then I'll fight you for it now.

This was not, quite, the approach of the Ramblers' Association in its struggle with the Country Landowners' Association, which held a conference yesterday. But they have been aggressive. In fact, the ramblers' huge success in opening up Britain is unstoppable and, more to the point, benign. In a crowded, urban island, with many competing demands for use of the countryside, few activities are as quiet and harmless as simply walking through it.

## LETTERS TO THE EDITOR

### Budget hits the poor – and lovers

**Sir:** On 25 November *The Independent* made a strong case for prioritising poverty reduction in the Budget ("A rich nation should budget for the poor"). Now we know the reality – that all we can expect is more of the same policies which have so tragically divided our society over the last 20 years.

The Budget should have sown the seeds of a National Poverty Eradication Plan which recognises that in a nation as rich as ours, existing levels of poverty are unacceptable. Although the Government committed itself to producing such a plan at the United Nations world summit for social development in Copenhagen last year, it now denies the need for such a plan since the UK has "the infrastructure and social security systems to prevent poverty and maintain living standards".

All 140 members of the UK Poverty Coalition can provide disturbing accounts of the impact poverty has made on families and communities. Our evidence shows that conditions are continuing to deteriorate rapidly.

**MONA PATEL**  
*Co-ordinator,  
UK Coalition,  
UN International Year for the  
Eradication of Poverty,  
London SE5*

**Sir:** The abolition of the one-parent benefit of £6.20 a week ignores the piles of submissions to the Government showing that the current levels of income support cause parents and children to go without food or to eat an inadequate diet.

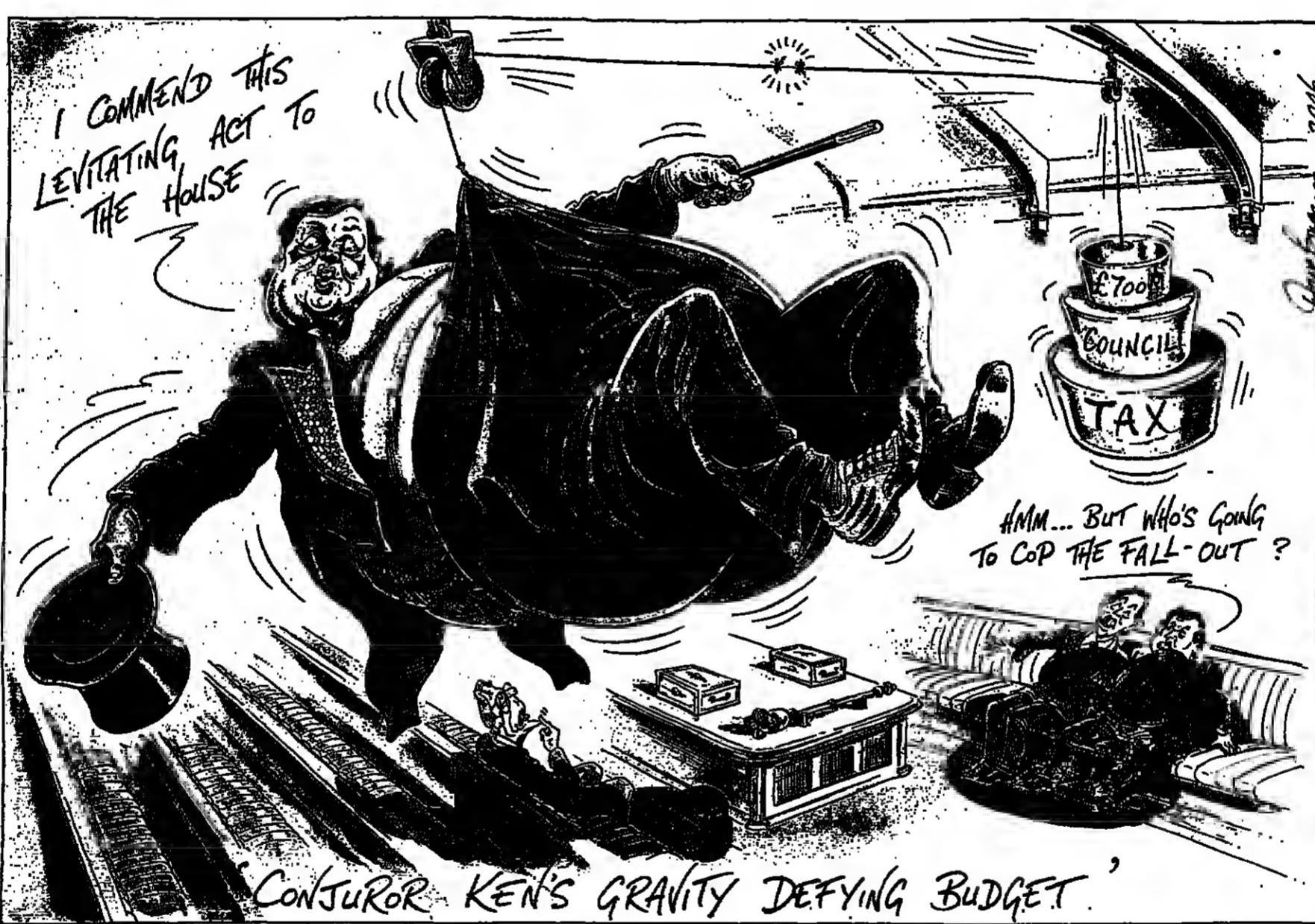
There is no published research by the Department of Social Security which disproves the evidence of malnutrition in Britain. It is impossible to assert as they do that claimants are free to spend their money on healthy eating, since they are in a position where food, heating and clothing compete for an inadequate income. This year the Low Income Project Team report of the Department of Health makes it clear that for many people a healthy diet is beyond their means. The Commission on Social Justice reported that the poorest are dying younger than in 1981, while the rich live longer. The Budget is a killer.

**The Rev PAUL NICHOLSON**  
*Henley-on-Thames,  
Oxfordshire*

**Sir:** Polly Toynbee uses a nice metaphor about the body politic being "short-circuited" so that the brain remains unaware of how money could repair the social fabric ("Poverty by a thousand cuts", 25 November). In reality the brain is not short-circuited at all. It has calculated that the costs of inequality (increased chance of crime, expenditure on burglar alarms, etc) are far outweighed by the benefits (money in the bank to buy stylish clothes, new cars and foreign holidays). The anti-welfare majority are quite prepared to live in a risk society provided they can get their fix of materialist individualism.

**I MORGAN**  
*Lincoln*

**Sir:** I work in England and I fly back to Northern Ireland on the "lovers' shuttle" from Birmingham at week-ends. The flights are full of fiancées, girl and boyfriends, husbands and wives returning to their loved ones; fathers returning



### Scots traditions made in England

**Sir:** Your article on the "Independence" tartan for English Scots and other New Scots ("McAnglos reveal designs on independence", 18 November) states that there is an irony to the existence of this new plaid. But there is an irony to many Scottish and Welsh traditions and the associated nationalism.

An English Quaker, Thomas Rawlinson, invented the so-called Scottish national dress, the kilt. After the British government ban on Highland dress was lifted it was the Highland regiments formed by the British government which revived it.

Apart from the fake tradition of the kilt, Scotland does not have one national dress but two. These are the long Irish shirt tunic and cloak in the Highlands and the trews in the Lowlands. Scottish national identity is in many ways a recent phenomenon. For centuries the Saxon lowland Scots considered the Highlanders as being Irish, as their culture had more in common with Ireland than the Lowlands. The idea of family or clan tartans were the invention of manufacturers to drum up business. Traditionally there were only regional designs.

Is it not ironic also that the Welsh national dress is the same as that of the English in the 1620s? The bizarre druidic rituals of the Eisteddfod are an 18th-century invention.

**JAMES FRASER WILD**  
*Lymington, Hampshire*

### How students pay their way

**Sir:** Dr Anna Maidens is right to ask whether students can earn a wage at college without damaging their studies (letter, 25 November). The fact that over half of all students now regularly work up to 10 hours a week during term-time suggests a major change in students' sources of income. The PSI study was not, however, designed to assess the impact of this change on academic performance but to examine student income and expenditure.

Our work has shown that younger students' incomes rose by just over £400 in real terms over seven years (1989-1996) and we recognise that this is not a sizeable increase. However, it is clear that certain groups of students do experience financial hardship, in particular lone parents and single mature students. To suggest that concern should be directed towards these types of students is not implying that "everything is rosy" in the academic garden.

**Dr CLAIRE CALLENDER**  
*Senior Research Fellow  
Policy Studies Institute  
London NW3*

### Beauty is truth

**Sir:** Following your report on the marking of A-level English examinations ("Keats exam is not a thing of beauty", 23 November), I would like to add my voice to support the view of Dr Brian Martin.

The extension of the principle of quantitative assessment, as used in science examinations, to the judgement of aesthetics, is absurd. Would the School Curriculum and Assessment Authority ask pupils to judge the relative beauty of the Greek temples at Paestum in order of merit, and if so, on what basis? They might take the Parthenon as a standard of "First Class Beauty".

IAN DODSWORTH  
*Oxford*

**Hysteria about the 'environment'**

**Sir:** Having retired to my family farm after a career first in forestry and then as a business consultant I have been contemplating conservation, conservationists and their often hysterical outpourings with increasing amusement.

My farm was once a post-glacial scrub, then it was a birch-alder scrub, then later an oak-beech-dominated woodland bulldozed up the fertile soil over many centuries.

Then man arrived and cut down the trees to make the farm. Two miles up the valley his cousins felled the fine pine forest, caused the soil to deteriorate, and left it deserted to develop into a deep sphagnum bog. The woodland sub-species of the day, fauna as well as flora were, for all I know, devastated, but the corncrake arrived, and enjoyed life in the new cultivated oats and hay habitat.

By then my house was heated by peat dug from around the ancient pine roots in the nearby bog. The soil there was once again exposed and brought back into cultivation using modern methods.

Today I am too lazy to cut the peat left in my corner of the bog.

The local gun club breed pheasants there and shoot them for sport.

The farm, meantime, has been turned over entirely to grass and the corncrakes have all gone. The first squirrel, a grey, arrived in my strip of horehound woodland a week ago, to everyone's delight.

I would like to invite any

conservationist to tell me: is my "environment" endangered, or is it simply evolving as it always has done?

**GIL WARNOCK**  
*Ballymoney, Co Antrim*

**Teachers keen on grammar**

**Sir:** As one who has spent the past 18 months trekking round the country with a grammar roadshow for teachers, I can save the School Curriculum and Assessment Authority the bother of setting tests to determine their level of grammatical knowledge ("Grammar tests for teachers", 27 November).

Of course many teachers feel shaky about English grammar. The subject has been out of fashion in our educational system for several decades, so teachers under about 40 years of age have often been taught very little about it. Even the over-40s lack confidence, because in the intervening years new ways of analysis have been introduced and terminology like "extended noun phrase" and "sentence connective" have appeared in National Curriculum documents.

However, given the opportunity to learn, the teachers I've met have been interested and keen to acquire the knowledge they need to get on and teach their classes.

Rather than tests and surveys which generate more and more negative headlines, why don't SCAA do what they're always

urging teachers to do: work out what their charges need to know and find efficient, effective (and preferably enjoyable) ways of communicating it to them?

**SUE PALMER**  
*Language Live  
Truro, Cornwall*

**BSE: don't blame burgers**

**Sir:** Contrary to popular belief, burgers and sausage meat are not the culprits in the spreading of the BSE organism ("CJD to kill hundreds", 26 November). It has been illegal to add cattle brains to mince and to sausage meat since well before BSE appeared.

However, cattle brains were – and calves' brains still are – permitted in "meat products" which are defined as meat pies, pâté, stock cubes and tinned items. The heating involved in their preparation does not destroy this organism.

The transmissible spongiform encephalopathies (TSEs), of which CJD, BSE, scrapie and kuru are examples, are caused by a uniquely mysterious infective agent poorly understood by scientists, let alone the general public. Thus it is almost indestructible, it proliferates only in the central nervous system – not in the peripheral nerves and therefore not in the muscles, which is why red meat is not infective; it lurks for years in an outwardly healthy individual whose brain is nevertheless infective, and it causes disease in some individuals only,

**DENIS CALNAN**  
**JILL COOK**  
**DICK DESMOND**  
**BEVERLEY FRYER**  
**CHRIS WINTER**  
*Trade Union Side  
The British Museum, London, WC1*

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E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.*

## debate



Murdoch's control of digital TV will lead to a lack of choice, says Polly Toynbee



# TV meets the law of the jungle

**T**hey must be breaking open the champagne bottles by the jereboam inside Rupert Murdoch's News Corp today. They have won what they wanted - effective control of digital broadcasting. Anyone wanting to enter the brave new world of digital television will be able to do so only through Murdoch's gateway, through his exclusive set-top box.

Digital television, as the Trade and Industry Minister Ian Taylor explains on this page, will offer some 150 new channels and a whole new interactive world in which viewers can call up any film or programme from the archives, any specialist channel or services such as banking or shopping. For the foreseeable future, the gateway will be controlled by Murdoch, regulated by Ofcom, the telecommunications watchdog, which has been given more power and speed of action than in previous drafts.

Mr Taylor is somewhat patronising and deeply complacent. The Government is mortgaging access to digital TV. All along, Murdoch has argued that enterprise, daring and risky investment should be rewarded. These sentiments are amply echoed by the minister: "Those who move first to develop the market and bear the brunt of the investment risk should be able to gain some advantage from doing so." The Government has

ensured that they will: the imperative of market forces has prevailed over the principle of the level playing field.

When Murdoch set up Sky he did indeed take a phenomenal financial risk, coming within half an hour of his whole empire crashing. He risked all and gained all. BSB was a classic example of the lame follower crushed by the dominant first-comer. BSB, set up in Britain, was controlled and regulated as to content and quality, by British law. Sky never suffered any such restrictions, being based in Luxembourg. Taking over BSB, Murdoch persuaded the Government he did not also take over the obligation to be regulated.

But in digital television it risks far less - though the rewards are likely to be similar. Few experts imagine now that anyone else will dare enter the digital market, trying to sell people a second box. To be first is to be king.

Yesterday the Government finally published its long-delayed regulations under which Murdoch must operate. Under an EU directive he has to offer other broadcasters "open and fair" access. The wrangling in recent months behind the scenes concerns the highly complex details of what "open and fair" means in practice. Ofcom will act as regulator, overseeing the price charged and the prominence that is allowed to other broadcasters' programmes. (Murdoch could

put BBC1 on channel 219, for example). Don Cruikshank of Ofcom carries immense authority and respect, and will no doubt do his best. (Strong rumours that Murdoch's men have been lobbying for Cruikshank's removal show that they do consider him an obstacle.) Both BBC and ITV lobbied fiercely for all Murdoch's boxes to have a connector for a common interface, to ensure that no one operator had sole control. They lost that battle. So the BBC has been arguing for

it to be mandatory for Murdoch to license out his technology to any manufacturer wanting to make compatible boxes. Sir Christopher Bland, the chairman of the BBC, gave a blistering speech last week warning the Government not to give Murdoch sole control.

He reminded them darkly that the BBC was dumped from Murdoch's Asia satellite when it offended China with its forthright documentaries.

Yesterday the BBC said:

"Consumer access to all digital

broadcast services is too important to be at the mercy of market forces or commercial negotiations with dominant suppliers. It is essential for consumer choice that no individual company or group of companies controls the digital gateway."

ITV said: "These regulations go some way to meet our concerns, but they still may not be enough to prevent a single operator acting as gatekeeper."

But there is nothing anyone can do now. The fight is effect-

ively over. The Government has given Murdoch most of what he wants, although Ofcom has been given more teeth than News Corp would have liked. Murdoch recently described sports rights as his "battering ram" for gaining entry into people's homes with his dishes. But an even more powerful battering ram is his command of the press to intimidate politicians to give him what he wants in his commercial dealings.

Labour will "pray against" the laying of these regulations,

ensuring that there is at least a debate in the Commons. But it will come to nothing, because the regulations cannot be amended in the House.

In government, Labour could reopen some of these issues - including the question of monopolistic media ownership. Labour could challenge Murdoch's cross-subsidy of his loss-making *Times* with funds from Sky in order to drive out others with his anti-competitive price war. US competition law would never allow such pred-

tory pricing. Labour could reopen the question of quality and content on the Sky channels, enforcing the EU quota of at least 51 per cent European programmes.

Ian Taylor writes with disdain: "The subject can be very emotive." Indeed it can. He mocks the suggestion that "the Government is standing idly by, watching media moguls follow a remorseless course to global domination." Yet that is what we are seeing unfolding before our very eyes.

## A new era, a new market

**T**he introduction of digital television in this country will be a vital step in opening up the new markets of the information society to competition between different providers and delivery platforms. Yesterday the Government published detailed proposals for the regulation of this conditional access.

In pay television, such as BSkyB and cable currently offer, if you have a subscription then conditional access is the technology which lets you view your chosen programmes. It is also the technology that lets broadcasters reach the consumer. Typ-

ically it sits in a set-top box which the viewer has to buy or rent and which will in future be needed to receive all digital television services, including those put out by the BBC and ITV.

The consumer is unlikely to buy more than one such box. So the box, and the conditional access technology within it, form a gateway between all broadcasters and all consumers. The person who controls the box controls this gateway.

This is a subject on which there has been a good deal of press and parliamentary interest in the last few weeks. Much of the coverage has been sadly one-sided and singularly ill-informed. The subject can be very emotive, as it often becomes tangled with concerns about editorial freedom. The worry is that unregulated, the keeper of the digital gateway could extract a terrible price for opening it to others. Perhaps it would be tempted to open the gate only to the highest bidder, eventually excluding public service channels. Perhaps, if it also had broadcasting interests, it would use its control to harm its competitors. Perhaps it could even exert influence on programme content in return for access.

These are valid concerns. They have been addressed in the regulations we brought into force in August and again yesterday. But the coverage continuing in some quarters of the media tries to suggest the Government is standing idly by, watching media moguls follow a remorseless course to global domination. Some commentators must have been asleep in the months while these issues were debated in the Broadcasting Bill. I first issued outline proposals suggesting how we would approach regulation of conditional access in January. After detailed debates in the House, fuller proposals were published in June and regulations were brought into force in August on the licensing of the essential technology to set-top box manufacturers, a fact which some commentators still have trouble acknowledging. But then not everyone wants to let the facts get in the way of a good story. Again we took account of extensive representations to refine further the proposals, which were published yesterday. After a short period of final consultation we will lay the remaining regulations before the House before the recess. They will then

come into force within 21 days. The Government remains committed to ensuring the early development of digital services on all broadcast platforms. We wish to see the development of competition, as the best guard against the investment risk, should be able to gain some advantage from doing so. At the same time, given the power of the conditional access gate-keeping

interest. The Government has to balance all these interests. The market for digital television services will be different from the analogue market. It will not be a question of "200 channels and still nothing on". Digital TV will bring an era of high-value, interactive multimedia services, bringing substantial benefits to the UK economy. Consumers will be able to call down special-interest programmes, take out electronic season tickets to follow their home football team, conduct home shopping, even alter camera angles to track a favourite star. Viewers will have control - not just between channels but in programming their own entertainment. This will be a growing feature as personal computer and TV delivery converge.

Early development of this market is of great importance to the UK. Innovation and early investment must be rewarded, but there must be sufficient regulatory certainty to encourage it. Those who move first to develop the market, and bear the brunt of the investment risk, should be able to gain some advantage from doing so. At the same time, given the power of the conditional access gate-keeping

The writer is Minister for Science and Technology

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## Making a will? Leave it all to the experts



Miles  
Kington

**D**id you know that 90 per cent of people in this country die before they have made a will?

Did you know that most of those who have made a will end up leaving all their money to the Government?

Did you know that over half the wills made by people cannot be found after their death because they are too well hidden?

Did you know that a will is not valid if written on greaseproof paper (see the case of *Rex v Staples* 1949)?

Did you know that none

of the above statements is true? And that they are merely the kind of statistic put at the top of articles which aim to frighten you into making a will?

This is such an article.

But don't worry.

This article is an article which takes you gently by the hand and leads you painlessly through the various stages of making a will.

Ready? First of all, you're going to need a large piece of paper. Very large, if you're well off. Not so large, if you haven't got much to leave. Very large indeed, if you are going to write one of those old-fashioned wills which goes into great detail about how you feel about all your relatives, servants, old girlfriends, etc., especially if you take the opportunity to say things posthumously which you felt it was too dangerous to say in your lifetime, such as that Lord Lucan is a murderer. ("I am often asked,"

writes a lawyer, "if one has

to write to this is the last will and testament every time one makes a will."

Obviously, only one will can be the last one. But each one is the last at the time of making it. Therefore one should go through all

previous wills at the time of making a new one, altering the wording to say "This is the Last Will and Testament of" or "This is the Last but Three Will and Testament", but in practice this is not necessary."

You may at this point wonder why it says will AND testament. Is there any difference between a will and a testament? If not, why are both mentioned? Well,

the answer is that all lawyers, like all politicians and Welshmen, like to indulge in tautology to sound sincere. They repeat everything in different words. They say "certainly and assuredly", or "I hope and pray", because it sounds twice as impressive even though it is merely twice as long.

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Right. We've got as far as the first line. Now we have to put your name in, so that it reads "This is the last will and testament of John Arthur Nettlebed", assuming that that is your name. If that is not your own name, use your own name, otherwise Mr Nettlebed will be giving away a lot of money!

(When I said just now, "writes a lawyer, "that one will must always be the last will, this is not strictly true. It is possible to have two last wills written at the same time, or at least witnessed at the same time, and who is then to say which is the correct will of these two? In one case in which I was involved, the testator had apparently divided his estate among his family in

one will and given it all to his solicitor in the other, making both wills at the same time. It was then noticed that the second will was written in the solicitor's handwriting! How we laughed! But sadly we had to set it aside.)

We now come to the bit where you say, "I, being of sound mind...," which very properly raises the question: if a bloke was of unsound mind, would he dishonestly conceal this while writing a will, and lyingly put "I being of sound mind" at the start of his will? Alternatively, would a perfectly sane chap for a joke write at the beginning of his will: "I, being off my trolley..."?

All this, and more, explained next time.

This is the first of a 500-part series on "How to Make Your Will". If you want the other 499 parts, simply send a blank cheque and we will do the rest! If you are over 50, name your next of kin. If you are not sure who your next of kin is, send for our booklet, "Who Is My Next of Kin, and Why Does He Never Come to See Me?"

مكتبة من الأصل

## It's the heart of our democracy, and it's boring



Hamish McRae

A little honesty about how we are taxed and how that money is spent would make us all pay more attention

I am afraid I was bored by that budget. Economic journalists are supposed to be bright-eyed and bushy-tailed about these things. We are supposed to maintain that budgets are terribly important, even when they don't feel like that. But nearly everybody, at least in the media or in the world of finance, seems to agree that budgets have become much more boring than they used to be. And for anyone who cares about the future of democracy that is worrying indeed.

Public spending in Britain takes a little more than 40 per cent of national output, low by European standards but high by the standards of the US, Japan and especially the "tiger" economies of East Asia. That means that 40 per cent of the economic decisions are taken not by us, but by "them". We pay enormous attention to the decisions we take – whether we can afford to go out to the theatre, have an overseas holiday, move house – wondering whether the money will be well spent. By contrast, we pay hardly any attention to the decisions taken by them – whether to buy new fighter planes, increase teacher salaries, pay more to the unemployed – the very decisions determined by the budgetary process. We do not connect, except at the vaguest level, the amount of money taken away from us and the way in which this is spent. We do not even have the information to connect, for we have very little idea of how much revenue various taxes bring in, and even less of how much things bought by the public sector really cost. While the tax side of the equation does have a certain obvious interest, the spending side is very, very boring.

This is dreadful. If we think of taxation as disappearing into some sort of black hole and complain that there are never enough funds to provide half-decent schools and hospitals, then we are questioning the very basis of our contract with the state. The climate of complaint is completely understandable, but it is deeply corrosive. For the moment we may be able to convince ourselves that if the other side got in it would all be different. But it won't, because there will be no more money for public services if there is no more money taken in taxes. Result: we will be doubly disappointed and our democracy will be further undermined.

So what is to be done? There are two broad ways forward. One is to connect taxation to public spending item by item. The other is for the state to retain the overall responsibility for public services but encourage a shift to paying for these by a combination of savings and insurance.

The economists' ugly word for tying particular taxes to particular types of spending is "hypothecation". The Treasury, not just ours but treasuries all around the world, hate it. They hate it partly because it strips away their authority, for ordinary people might have different ideas about the level and allocation of taxation to the

baffins in Whitehall. Politicians react in much the same way.

There are, however, more respectable reasons for resisting too much hypothecation. For example, many public spending decisions have very long tails, with decisions taken now affecting spending in 20 or more years' time. So the people making the spending decision will not necessarily be those paying for it. Such a system probably also over-weights the importance of lobby groups: articulate and well organised groups would probably find it easier to impose taxes and allocate spending than the less organised, whose interests would suffer. And there are some economic activities, like motoring, which do generate large revenues over and above the funds needed to maintain that activity. Give back the motor tax and we might have a great road network, but we would not have so much left over to fund general public sector needs.

Nevertheless, connecting taxation to spending is one way of increasing its legitimacy, and there are powerful reasons for trying to show people where their money does go, and allowing them to have some say in it. If some taxes were specifically used to fund particular objectives, then we could gauge the support for them. The German "solidarity tax", an additional income tax levied on Germans to transfer funds to the former East Germany, is a good example – even if it makes East Germans a bit less popular.

The other way forward is to connect what people pay directly to what they receive. The obvious example here is the pension system: if the pension portion of people's contributions to National Insurance were invested on their behalf, and they received a statement each year of the return on the fund and the value of accumulated pension rights, National Insurance would cease to seem a tax and be a genuine savings/insurance scheme. The transfer of funds to the present generation of pensioners would be explicit. We would know what we were buying, and we would trust it.

A savings/insurance system makes redistribution from the haves to the have-nots more explicit, and thus maybe harder. But in practice the tax system does not redistribute very much at the moment; and in so far as it does, it is taking money from people at one stage of their life and giving it back to them at another. In fact, if redistribution were made explicit rather than covert, people could make an honest decision about the extent to which they want a redistributive tax system.

That is the word: honest. People are not stupid. They know that higher public spending means higher taxes. They need to feel they are getting value for money. They need honesty in taxation, honesty in spending. They mustn't feel impotent in the face of the state. And they mustn't be bored by the core decisions of our democracy.

## When glamour is beyond parody

by Peter Popham



The hero created himself; the celebrity is created by the media. The hero was a big man; the celebrity is a big name

This is the pass we have reached: that celebrity can be conjured out of next-to-nothing, and yet for mysterious reasons we continue to buy it. How did we get into such a situation? And does it matter?

It has been a pretty long time coming. It was back in 1961 that Daniel Boorstin gave what remains the pithiest definition of modern fame:

"The celebrity is a person who is known for his well-knownness," he wrote in his book *The Image*. "He is neither good nor bad, nor great nor petty. He is the human pseudo-event... The hero was distinguished by his achievement; the

celebrity by his image or trademark. The hero created himself; the celebrity is created by the media. The hero was a big man; the celebrity is a big name."

Then the thing exploded: within four years, leading players' fees had bounded from \$15 to \$2,500 per week. In 1916 Mary Pickford signed the movies' first million-dollar contract, and something changed for ever. "It was at the moment this deal made headlines," Richard Schickel wrote in his book *Common Fame*, "that reward began to detach itself from effort and from intrinsic merit."

Hollywood was on its way.

*Tomorrow: the Fame Factory.*

## Human rights, British wrongs

We could be spared our blushes by incorporating the European convention, argues Patricia Wynn Davies

If there is a sane lesson to be learned from the Lord Chancellor's unusual visit to the European Court of Human Rights on Monday, it is that the one HM Government is least willing to learn.

The ruling by the Strasbourg court the same day, upholding the archaic English law of blasphemy in the dispute over the little-known video *Visions of Ecstasy*, was exactly the sort of case that should never have reached it, one official remarked, correctly. The Government should have done the sensible thing years ago and made the European Convention on Human Rights part of British law. Then cases such as this – involving the "margin of appreciation" principle that individual countries have wider latitude in defining human rights in the moral and social field – would reach the court less often, as British judges would be applying the convention themselves.

This would have been one way of ensuring that more notice was taken of British laws and traditions, and that less dirty washing was laundered on the international stage. But successive Conservative administrations have chosen instead to make human rights claims as difficult in purpose as possible – forcing individuals to embark on the tortuous business of complaining to Strasbourg, and then engaging in outraged spin-doctoring when a decision – years later – goes against the Government.

Monday's visit can be traced directly back to last year's ruling, by a narrow majority of the Strasbourg court, that the killing of three unarmed IRA terrorists in the Gibraltar "death on the rock" incident involved unnecessary force. Michael Heseltine, the Deputy Prime Minister, led the wave of protest; none the less, the individual right of individual petition was still quietly and permanently renewed. "Influence", advised Whitehall and the Foreign Office, was the practical



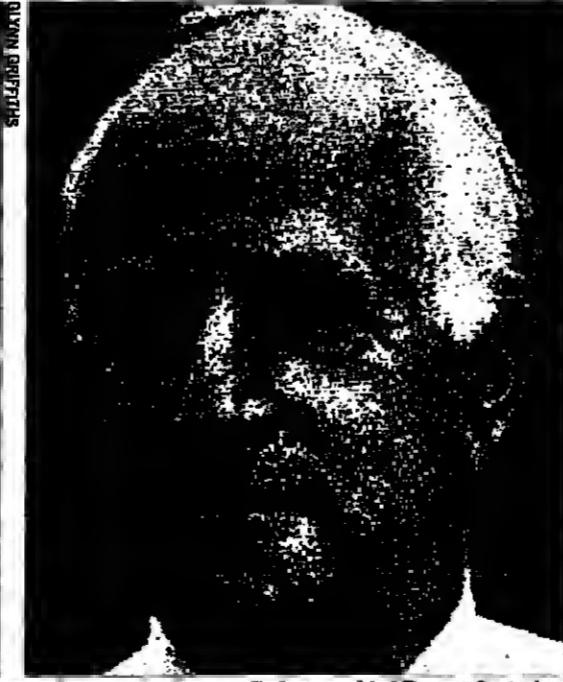
The visit of Lord Mackay (left) to Strasbourg preceded a ruling on the former Guinness chief Ernest Saunders

and politically acceptable way forward. Hence Malcolm Rifkind's position statement last year, declaring the Government "concerned about some recent judgments of the court" and this week's lobbying exercise, however subtle, by the Lord Chancellor, Lord Mackay.

It is the most recent manifestation of the Government trying to have it both ways over Strasbourg. Britain has won more cases than is commonly believed, and there is annoyance in Government circles whenever its Strasbourg record is paraded in the media – 42 violations of the convention, 25 wins and 10 pending cases out of a total of 81 complaints over the past 36 years. Italy has suffered 91 violations over 23

years and France 38 over 15 years. It was pointed out this week. But if the UK's record is not so bad after all, why does it choose to dispatch the head of its judiciary, who also happens to sit in the Cabinet, on a mission to persuade a set of independent judges to take more account of British ways?

Officials have spotlighted five past



and two pending cases where the Government claims the "margin of appreciation" should have been, or should be applied in Britain's favour. Significantly, Lord Mackay's visit has come just a few weeks before a ruling in one of them, in which the former Guinness chief executive Ernest Saunders has complained under article six of the convention that he was deprived of a fair trial when statements made under compulsion to Department of Trade and Industry inspectors were used in evidence against him. The Government insists that the Bill Goodwin case safeguarding the confidentiality of journalists' sources was wrongly decided, and that the court was wrong to interfere with the Home Secretary's discretion to release young murderers held at Her Majesty's Pleasure. The list goes on, underpinned by the belief that "human rights" is somehow a subject that should only trouble less developed democracies than ours.

Making the convention part of UK law would give those cases that did go all the way to Strasbourg the benefit of UK judges' views on whether a per-

son's human rights had been breached. But the Government believes it is better in carpe from the sidelines, seek to exert "influence" – with possibly the opposite effect in many cases – favour government service lawyers for judicial appointment, and issue vague threats. "For the support of the citizens of the Council of Europe countries for the convention and its mechanisms to be full-hearted," Mr Rifkind loftily declared in his statement, "it is important that the Strasbourg institutions... respect the decisions of local democratic institutions and tribunals."

The strategy could have been specifically designed to make Britain's position worse, not better – and could have other unforeseen ramifications.

Current reforms of the Strasbourg machinery will create a full-time rather than part-time court, requiring a full-time British judge appointed well before the age of 70. The more prestigious Britain's judge is, the more impact he or she will have in shaping the way the new structure operates.

But what kind of independent-minded, high-ranking British legal figure – even assuming he or she were put forward by the Government as a candidate – would go? Gordon Slynn, Britain's former judge on the EU Court of Justice at Luxembourg, became a law lord on his return to the UK. But the Government has ensured the Strasbourg court is so undervalued that the idea of someone in that league considering appointment is dismissed as "fanciful" in Strasbourg circles.

It is time for a change of direction beginning, as Labour has pledged to do, with incorporating the convention. Lord Mackay has suggested that this would draw the British judiciary into the "political" arena, and some judges seem uneasy. But they would all simply get on with the job, however tricky, of reaching decisions based on legal principle. The sooner they are asked to get on with doing it the better.

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## Clarke faces triple Budget backlash

### Economists outraged by spending plans

Diane Coyle  
Economics Editor

The spending and tax plans in Tuesday's Budget came in for vicious criticism from economists yesterday, even as Kenneth Clarke claimed he had been more prudent than commentators had expected.

"It incorporates fiddles that would make the French blush. I am staggered by it," said Adam Cole, an economist at City brokers James Capel. "It has obviously been one of the loosest spending rounds in recent years."

David Mackie, an expert at investment bank JP Morgan, said: "It is not at all clear that the plans on paper can ever be delivered."

Economists were particularly outraged by changes in the conventions for presenting the spending plans which made them appear stricter than they really were. In particular, the sales of the student loan book and Ministry of Defence housing were classed, not as privatisation revenues, but rather offset against the departmental spending programmes.

The departure from convention allowed the Treasury to present the key public spending target, the Control Total, as about £2bn lower next year than it would otherwise have been.

Despite the new adjustments, and despite slashing £900m from estimated contributions to the EU, the Budget also raised the Control Total for the current financial year by £500m. BSE-related spending of £1.5bn was partly to blame.

Few analysts thought the Budget would allow the Chancellor to avoid raising interest rates if the Government was to hit its inflation target.

The Northern Rock building society yesterday announced it would increase rates for savers

by 0.3 per cent because base rates were on the increase.

Mr Clarke insisted he would raise interest rates if he had to. "I leave myself all the room for manoeuvre I require to deliver my inflation target," he said.

The City made some allowance for the political pressures on the Chancellor. "For a pre-election Budget, it was much more prudent than expected," said David Owen, an economist at Kleinwort Benson.

However, several aspects of the plans contained in the Budget Red Book were criticised.

Most analysts doubted that the crackdown on tax avoidance and social security fraud would deliver the £6.7bn savings Mr Clarke had claimed. "It was that easy," the Government

says from the sale of the student loan book, amounting to £1.5bn a year for the next three years, had not been explicitly incorporated in the Red Book. Like the £940m this year and £700m in 1997/98 from the sale of MoD housing, the Treasury subtracted it from departmental spending instead of counting it as privatisation receipts.

The Treasury said the student loan sale had been accounted for in that way because the transfer to the private sector meant it was as if students had repaid their loans to the Government early. Adjusting for these two elements, and the fact that the contingency reserve for 1997/98 was cut by £2.5bn, the Government's departmental spending plans for next year are £3bn higher than in last year's Budget.

The fairly unimportant tax changes have deflected attention from the fact that this has been a loose spending round. The Government can not get away with this," said Mr Cole.

The Treasury also abandoned

the convention of basing forecast social security spending on unchanged unemployment figures, pencilling in falling unemployment benefit spending instead. This has reduced Government spending by several hundred million pounds in 1997/98 compared to the previous plans.

City experts were equally doubtful about Mr Clarke's inflation forecast. The Budget shows it falling to 2.5 per cent on the target measure by the end of 1997. But this is below the average of other forecasts, and any overshoot on inflation will lead to Government spending overshooting its targets too.

Sterling rose during the day's trading before closing unchanged at DM2.75. The FTSE 100 index fell 19 points to 4,049.

**'It incorporates fiddles that would make the French blush. I am staggered'**

would have done it long ago," said Michael Dicks, UK economist at Lehman Brothers.

Mr Mackie agreed. "This is the kind of thing the Italians put in their budgets," he said.

He also pointed out that the unexpectedly small figure of a net tax cut of £735m next year relied on savings of £500m from VAT anti-avoidance measures.

The overall net figure in past years has included only mechanical estimates of the effect of tax changes rather than judgements and predictions. On the usual basis the giveaway in this Budget amounts to £1.2bn.

There was particular concern about the fact that pro-



Man of the moment: Kenneth Clarke insisted he would raise interest rates if he had to. "I leave myself all the room for manoeuvre I require to deliver my inflation target"

### Crackdown will hit Greenbury incentive plans

Peter Rodgers  
Financial Editor

A row broke out yesterday when it emerged that the Budget will heavily penalise new long-term incentive plans recommended by the Greenbury Committee on top pay, as well as many new share option schemes.

Tax experts said that in a crackdown on payment of salaries in shares - a dodge used to escape PAYE - the Inland Revenue had also unexpectedly caught these other schemes. As a result, companies will have to pay a 10 per cent employers' National Insurance charge on profits made by staff from long-term incentive schemes, making them much more expensive.

The same will apply to share option schemes that have not

sought Revenue authorisation, which have become increasingly popular since the Government removed most of the tax benefits of share options last year.

Brian Friedman, a partner in Arthur Andersen, chartered accountants, and president of the Society of Share Scheme Practitioners, said: "It will be an extra cost to the company and detrimental to the cause of em-

ployees' share ownership. It is a retrogressive step."

Furthermore, the wording of the new regulations appears to bring a huge extra windfall to the holders of existing long-term incentive plans and unauthorised share option schemes.

The company rather than the recipient will be liable to pay income tax on the profits, but will not be able to deduct the

tax at source or have a legal right to claim it back from staff.

Mr Friedman said: "It is going to catch every unapproved share option scheme and every long-term incentive plan. It is going to be a nightmare to handle."

The tax glitch is because the maximum tax a company is allowed to withhold from an employee under PAYE is a month's salary, but the tax on a long-

term plan may be 20 times as much. Mr Friedman said: "I have clients with long-term plans vesting this week and they have no mechanism for withholding the tax."

Future schemes could include an agreement with the employer to withhold from the tax, but the society will be pressing the Government to take account of the problems of existing schemes.

Sources close to British Gas suggested the issue could have an impact on the row between the watchdog, Ofgas, and TransCo, the company's pipeline business which is currently being investigated by the Monopolies and Mergers Commission.

Philip Rogerson, British Gas deputy chairman, was investigating the impact. He explained: "It obviously has an effect on us. Gas, water and electricity companies all leap

out at you immediately. It will hit profits and it will hit cash-flow."

The changes were also seized on by CE Electric, the US-owned business engaged in the hostile takeover battle for Northern Electric, the privatised regional electricity company.

David Sokol, CE's chief executive, said: "This unexpected tax change could have the effect of increasing the amount of tax Northern Electric pays. This may have a significant negative effect on the value of Northern Electric shares."

British Telecom believed the tax change would cost £10m a

**Gas, water and electricity companies leap out immediately. It will hit profits**

year, though most of its high-tech investment would not be affected because it has an "economic life" of less than 25 years. The National Grid could pay an extra £20m a year in tax.

Ken Hill, finance director of South West Water, claimed his company would be directly hit: "We are looking into the fine print at the moment but it looks as though all water companies will be paying more tax very quickly." The fears hit most utility shares, with United Utilities dropping 6p to 598.5p and the National Grid falling 1.5p to 194.5p.

Labour insisted there would be no change to its planned windfall tax, though party officials were delighted that the utilities were now likely to shift some of their lobbying effort against the Government.

Frank Dobson, Labour's environment spokesman, said: "The utilities behaviour has left themselves open to the charge that they've got away with murder. They may come to realise that our windfall tax isn't so bad after all."

The implications were sinking in as Ofwat, the water watchdog, yesterday criticised many privatised water firms for not doing enough to reduce leakage levels.

### Asbestosis insurance deal lifts T&N shares

Magnus Grimond

T&N, the engineering group, yesterday unveiled a groundbreaking insurance deal and further provisions together worth a total of £1.2bn as it attempted to draw a line under its past as one of the world's biggest asbestos producers.

The group's shares soared 32p to 176.5p, having been 35p higher at one stage, as analysts welcomed the move as lifting longstanding fears that T&N could be overwhelmed by a flood of personal injury suits from asbestos sufferers on both sides of the Atlantic.

Sir Colin Hope, the chairman, said: "It really is that an asbestos-free T&N is looking a realistic possibility."

The latest plan is an attempt to cap the group's liability to

ture claims, which have already cost approaching £350m over the past 20 years. Following a decision by US judges earlier this year to uphold an appeal against a previous class action settlement, the so-called George settlement.

Following an actuarial study carried out by KPMG based on "worst case" assumptions, T&N will take a provision of £232m in this year's accounts to cover future claims, plus a further £50m for past claims which the group has already warned it could suffer if George fails.

The charge will be financed by disposals, borrowings and cash flow and will not involve a rights issue "in the near term".

In addition, the group has negotiated insurance cover worth £500m if the total nominal value of claims tops £690m. The in-

surance, arranged through brokers Sedgwick, will be provided by Centre Reinsurance, part of the German Zurich Group, Munich Reinsurance and European International Reinsurance, part of Swiss Re. The deal is thought to be the first time future asbestos claims have been reinsurance.

Sir Colin said: "These are very good quality companies. The liability is world-wide and with no time limit, so we had to make sure they would be around in 30 years."

He said that the company had been "very, very careful to do a very prudent deal in terms of calculations."

The actuarial figures suggested that they were around half-way through potential claims, with perhaps a further £320m to £330m still to go.

**Walker's children in £35m suit**

Roger Trapp

Former Brent Walker chairman and chief executive George Walker's three children are suing the company, Standard Chartered, its lead lending bank, and two trustees of the family trust used for repayment of £35m paid to support the leisure group in the early 1990s.

A writ issued by the solicitors Marksays in the High Court this week in the names of Mr Walker's three children - Jason, Sarah and Romla - and the French family trust company Jasaro alleges that £27.5m was transferred from the trust company to Brent Walker in 1990 after divers and should be repaid with interest.

The document also claims that £7.5m paid to Standard Chartered in the following year

should be repaid with interest.

Standard Chartered confirmed that it had received the writ, but had no particular comment to make. Brent Walker could not be reached for comment.

The move comes two months after a French court ruled that Brent Walker should repay Mr Walker more than £6m. The case related to a claim dating back to 1989, when Mr Walker lent £20m to the company to help fund the acquisition of William Hill chain.

George Walker: Awarded £6m in a recent ruling

Nic Cicutti

Moorfield Estates, the ambitious property company run by two former top-rated City analysts, launched its expected bid for Greycoat yesterday, announcing detailed terms of a £214m offer for the owner of Embankment Place, the giant office development near London's Charing Cross station.

The bid, made up of Moorfield shares and loan notes, will give Greycoat shareholders the net asset value of their holdings as determined by an independent valuation.

The value of the loan notes issued will be set by reference to the value of two central London properties, Embankment Place and an office block on Buckingham Palace Road, estimated by Moorfield to be

worth about £110m. Moorfield's move follows weeks of speculation over the likely terms of its offer. The company's initial approach earlier this month was rejected by Greycoat as being "vague as to value". It called for Moorfield to provide more detailed proposals.

Mark Gilbard, managing director at Moorfield, said: "Following a meeting yesterday, we have made an offer to Greycoat and we look forward to working with the company on the proposal."

The offer by Moorfield was made in a presentation by Hambros, Moorfield's advisers, to NM Rothschild, acting for Greycoat.

A spokeswoman for Greycoat said that it was too early for the company to give an immediate reaction to the bid, which would be considered in more detail shortly.

The bid looks set to spark a bitter takeover battle between the two firms. Moorfield is headed by Mr Gilbard and Graham Stanley, former property analysts who quit their jobs at Goldman Sachs to take control of the company.

They have built up a City club after a string of innovative deals, including teaming up with Blackstone, a privately owned New York investment bank, which has 8.6 per cent of Moorfield. Greycoat has come under fire from rebel investors for poor management.

UK Active Value Fund, headed by Brian Myerson and Julian Treger, its second-biggest investor with an 11 per cent stake, is calling for the group to liquidate its £500m portfolio.

**Moorfield makes £214m offer for Greycoat**

Peter Rodgers

Tony Dye, the fund manager at PDFM who believes the stock market is heading for a sharp fall, earned £989,000 in 1995, an increase of 11 per cent over the previous year.

The bearish strategy by one of the City's best-paid fund managers was inaugurated in a year during which PDFM's fund management profits rose sharply. Under Mr Dye, PDFM began to stick its neck out in 1995 with a large scale bet on a stock market crash, which he believes is inevitable.

PDFM, part of Union Bank of Switzerland, has fallen dramatically to the bottom of league tables as the stock market has continued to rise, languishing at 69th and last in a recent survey by CAPS, the performance measurement firm.

**Bearish PDFM fund manager gets £989,000**

Peter Rodgers

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Source: FT Information

STOCK MARKETS

Dow Jones

Nikkei

FTSE 100

FTSE 250

FTSE SmallCap

FTSE All-Share

New York

Tokyo

Hong Kong

Frankfurt

Short sterling

UK medium gilt

US long bond

Money Market Rates

Bank Rate

Overnight

1 Month

1 Year

Long Term



# End to US problems should prove sweetener for Tate

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

After the profits warning in May, the 11 per cent fall in full-year profits at Tate & Lyle to £276m came as no surprise. The shares actually moved up on the news, by 9p to 479p, as the market took the view that the problems in the US that had led to a halving in the sugar and sweeteners group's American profit were finally out of the way.

Stale, Tate's at times troublesome US arm, suffered not surprisingly from a massive hike in the price of corn during the year to more than \$5 a bushel, the highest price in the 120 years records have been kept, and twice the average in recent years.

That problem was compounded by a low gasoline price which meant there was little demand for ethanol, an alternative fuel derived from corn, and the raw material price hike could not be passed on.

Fluctuations like that are one of the perennial problems for a business as focused as Tate is on one commodity but, as with all commodity markets, what goes up comes down again and the price of corn is back to normal levels. As is the nature of these things, the price of gasoline is on the up again too so last year's double hit has become this year's double boost.

The fall in profits, which was bang in line with recent expectations, led to a similar fall in earnings per share to 38.2p and did not prevent a 6 per cent rise in the full-year dividend to 17p, the 16th year in succession of a higher payout, during which time increases have averaged 12 per cent a year.

Taking the long view, Tate is a wonderfully steady business, dull some might say, with a firm grip on the world's growing sweet tooth through the fructose products it supplies to the likes of Pepsi and Coca-Cola. Over the past 10 years or so, the shares have moved steadily ahead, although the performance against the market in the past five has been less inspiring.

Overcapacity continues to dog the industry and that will only slowly be unwound by demand for corn syrup, which is growing at about 4 per cent a year. However, Tate, which by sticking to its knitting has become the world's biggest sweeteners group, is in the right areas, having realised early on that it needed to diversify away from its mature US and European roots to prosper.

On the basis of forecast profits in the year to next September of a little over £300m, the shares currently trade on a prospective price-earnings multiple of 12. Give the short-term cyclical ups and downs, that's about right.

### Meyer slowly builds profits

Meyer International, the builders' merchant, picked a bad day to update investors on its slow and painful recovery programme.

A fractional pick-up in profits to £20.3m (£20.1m) in the six months to September was overshadowed by a warning from Redland, the leading building materials supplier, that fourth-quarter volumes in Europe were running behind expectations and sterling's strength against the Deutsche mark was hurting profits.

At this served to remind the market of Meyer's exposure to Holland, another hard currency market which accounted for more than a quarter of the group's £60m turnover in the first half. The shares fell 18p on the

news to 370.5p, compared to a 1996 high of 465p.

If truth be told, the shares were already under pressure before the Redland warning. Meyer can only hope that the improvement in housing starts and transactions will lead to better demand for timber and building materials. It admits that any

impact on the bottom line will not be felt until the next financial year.

The £22.3m programme to re-launch just over 200 Jewsons outlets is expected to be completed by early in the new year, several months later than planned. Over the past 18 months, the group has shed around 700 jobs as part of a reorganisation

that has restored profitability at the timber and building materials group.

Some factors are working in Meyer's favour, notably the recovery in softwood prices, which helped lift profits at the forest products division to £7.2m from £5m. But the costs of installing a software system at PontMeyer, the Dutch subsidiary, prompted brokers to trim their profit forecasts from £42m to just over £40m. That puts the shares on a forward PE of 18, an undeserved premium to the market.

### Biotech closer to drug launch

British Biotech passed another milestone on the road to credibility yesterday as it announced plans which could see its first drug on the market by March 1998. The biotechnology group's launch product will not be Marimastat, the cancer "wooder drug", but Lexipafant, a potential treatment for pancreatic cancer to be renamed Zacten. The recent successful completion of the final phase three trials in the UK paves the way for the drug to be submitted for approval by the European

Medicines Evaluation Agency by March. A US application is expected later in the year.

The news, alongside the announcement that half-year losses to October have grown from £11m to £16.1m, carried few surprises for the market, yet the shares picked up 0.5p to 223.5p yesterday.

As has become the norm with Biotech, that was a slightly perverse reaction as the only real surprises yesterday were negative. The group said it had decided to end development of Batimastat, the Marimastat-like drug which has failed to live up to high expectations, and warned that early results of phase two trials of BB-10010, a product to be used in conjunction with cancer chemotherapy treatment, were "not encouraging".

But any lost business from these drugs pales by comparison with the £300m Marimastat could be generating by 2003, if estimates by NatWest Markets are right. Yesterday's news about Lexipafant helps underwrite expectations that the group will be in profit by the end of the decade. So with £192m net cash to tide it through the black, the risk in Biotech is increasingly operational, rather than financial. Still speculative.

## Whitbread nets Pizzaland group for £46m

**Tom Stevenson**  
City Editor

Whitbread bought the Pizzaland group Brightreasures yesterday for £46m, much less than many observers had expected. The deal, which had been widely flagged, buys 180 high street sites in one fell swoop at a price per outlet that analysts said was a snap.

David Thomas, managing director of Whitbread's restaurant division and according to some the heir apparent to chief executive Peter Jarvis, said the deal gave Whitbread a strong position in the fastest area of the eating out market. It gave the company a large number of sites in which to expand its existing brands and took a major competitor out of the market.

Whitbread plans to expand Brightreasures' Bella Pasta chain, convert its Pizzaland units into its own Pizza Hut format and sell 20 Pizza Piazza restaurants. Analysts predicted the sale of that chain would reduce the overall cost of the remaining 160 outlets to about £200,000.

According to figures from Mintel, the pasta segment of the eating out market is growing at between 25 and 30 per cent a year, more than three times as fast as the average growth in restaurant meals.

The price, nearer £43m after stripping out Brightreasures' net cash, was considered very cheap by analysts. One said he thought Bass might have been interested but its current attempts to get regulatory approval for its proposed takeover of Carlsberg-Tetley took it out of the running.



David Thomas: 180 high street sites in one fell swoop

Mr Thomas said he hoped the removal of Pizzaland would focus consumers' attention on service rather than the price promotions the company had used to maintain its market share.

Brightreasures was created after Michael Guthrie led a buyout from Grand Met before acquiring Pizza Piazza from Rank. An attempt to float the company two years ago was abandoned after its venture capital backers, MAM and Morgan Grenfell Asset Management, thought a trade sale would secure a higher price. It is understood the backers were unwilling to value the company at £70m.

Early expectations were for a price tag of nearer £90m, although that subsequently fell to between £50m and £60m. Whitbread is thought to have outbid City Centre Restaurants, which owns the Deep Pan Pizza and Garfunkels chains.

## Fleming makes Manser chairman

**Jill Treanor**  
Banking Correspondent

John Manser, who was appointed the first chief executive of the privately-owned Robert Fleming investment bank in 1990, is to become chairman next April when Robin Fleming, 64, retires. William Garrett, head of the bank's securities operation, will take over as chief executive.

Mr Manser became chief executive in May 1990 when the bank split the roles of the chairman and he had always expected to become chairman on Mr Fleming's retirement. "Seven years as chief executive is long enough to implement a strategy," Mr Manser said.

He has steered the bank away from investment banking in the US and built up its equities operations.

The bank is not a quoted company and about 35 per cent of its shares are held by family members, two of whom take an active role in the running of the bank. The bank yesterday released results for the six months to 30 September showing a 16 per cent rise in pre-tax profits to £92.2m. It increased its interim dividend from 7p to 8p.

Mr Manser said Jardine Fleming, the bank's joint venture in Hong Kong, had contributed 27 per cent to profits. Jardine Fleming was hit by scandal in August after Imro, the investment regulator, slapped a £700,000 fine on the firm after discovering that Colin Armstrong, a Hong-Kong based fund manager, had been benefiting personally from deals he executed for clients.

Jardine Fleming recorded a net trading profit of £82m (£49m) in the first half, up 28 per cent. But its net interim profit was marginally down on last year's £63.9m. Mr Manser said the operation had been given a "clean bill of health" since the regulatory action.

### Company Results

	Turnover £	Pre-tax £	EPS	Dividend
Ancher Industrial (I)	11.8m (12.8m)	1.3m (1.9m)	4.4p (6.8p)	1.75p (1.75p)
Clarke Group (I)	8.8m (8.4m)	250,000 (33,000)	0.7p (0.14p)	- (-)
Creditline Group (F)	40.5m (32.8m)	2.6m (4.8m)	9.8p (21.6p)	9p (9p)
Kewell Systems (I)	19.8m (16.8m)	3.2m (2.8m)	17.5p (14.8p)	3.5p (3p)
Meyer International (I)	552.4m (538.4m)	20.3m (20.1m)	16.6p (19.2p)	4.2p (4.2p)
New London Capital (I)	- (-)	1.6m (1.5m)	1.68p (1.78p)	1.0p (1.0p)
Oriental Restaurant (I)	3.3m (1.9m)	531,000 (218,000)	5.5p (4.1p)	1.0p
Tate & Lyle (F)	5.16m (4.45m)	27.3m (31.1m)	40.5p (49.7p)	17p (16p)
(F) - Final (I) - Interim (M) - Nine months				

If you run a small business and you'd like to say "Thank You" to your customers this Christmas, a card is the best way to get your message across.

It provides a nice personal touch that's warm and friendly without being over the top. And, unlike a business card which usually goes straight into the bottom of a drawer or

the waste-paper bin, your card will be a thoughtful reminder of your services right up to Twelfth Night.

Post your cards (using our colourful festive stamps) and

Royal Mail could help your company to have a more prosperous New Year.

A card makes everyone's Christmas.



مكتبة من الأصل

# market report / shares

## Data Bank

FTSE 100	4049.2 -19.2
FTSE 250	4412.0 -11.4
FTSE 350	2009.1 -8.6
SEAO VOLUME	720.7m shares, 38,722 bargains
Gilt's Index	94.73 -0.10

## Share spotlight



## Rumours boost SmithKline as Footsie suffers hangover

In a bid to blow away a Budget hangover the stock market had to fall back on that tried and trusted standby, takeover speculation.

SmithKline Beecham, the drugs group, was wheeled forward as the unsuspecting victim. Its shares jumped 29.5p to 808.5p as stories flowed from Switzerland via New York that Roche, the big Swiss group, was seeking to put together credit facilities ahead of a strike.

Roche is cash-rich. But it would be severely stretched to accommodate SmithKline, which would cost in the region of £25bn.

There is little doubt Roche is anxious to expand; it has been largely overshadowed by the creation of a new Swiss drugs power, the result of the giant merger between Sandoz and Ciba.

Zeneca has for long been the market's favourite Roche tar-

get. The sudden attention directed at SmithKline knocked 11p from its shares at 1,667.5p. Even so it is valued at £15.8bn.

The determination to prevent the market sinking into a post-Budget malaise also prompted selective buying of financials. For long the market has nursed a vague story that Abbey National and Prudential Corporation are made for each other.

The two have made no secret of their desire to expand. On the surface such a merger makes sense, although egos could present a problem.

Abbey gained 1p to 685.5p, a peak, and Prudential rose to 481.5p. Lehman Brothers regards Prudential as a buy and talks about the pressure on the group to make an acquisition.

As if looking at Abbey, it says: "We are of the opinion that a high street presence is viewed as inevitable but we are equally convinced the man-

agement will not overpay".

Commercial Union, the subject of the Budget day takeover story, fell 8p to 667.5p and other composites gave ground. M&G, the unit trust group, put on 22.5p to 1,135p.

The market's initial response to what was a disappointing and dull Budget was a 16.6 Footsie jump to 4,085.0 points. But the effort proved too much. With New York slightly lower overnight and failing to muster much enthusiasm yesterday, blue chips struggled to find support, with Footsie ending 19.2 down at 4,049.2p. Talk of further interest rate increases was another inhibiting factor.

## MARKET REPORT

### DEREK PAIN

stock market reporter of the year

Second and third-liners remained in the doghouse with blue chips again attracting a disproportionately large chunk of the action.

The Budget squeeze on capital allowances hit the utilities. British Gas also had to contend with the Shell bid: its shares fell 10p to 221p.

Dixons, at one time down 17.5p on the warranty moves, ended with a 3p fall at 547.5p. Kingfisher lost 4p to 620.5p and Thera 10.5p to 275.5p.

Bass dropped 20p to 790.5p on the alecrop blitz and the smaller whisky producers responded to the tax cut with modest gains. The spirit giants, however, gave ground.

T&N jumped 32p to 176.5p as it moved to cap its asbestos liabilities; Merrill Lynch sees the shares moving to 275p. BOC rose 8.5p to 900p with SBC Warburg suggesting a 970p target price.

Orange, the mobile telephone group, hovered at 178p; Nikko thinks around 200p would be a reasonable level.

Redland's surprise profit warning lowered the shares 30p to 364.5p, causing grief to RMC, off 2p to 971.5p. Plasterboard maker BPB fell 10.5p to 349p.

Sturehouse continued to feel the impact of the Barclays de Zoete Wedd sell advice, falling a further 7.5p to 261p. A 12-month low.

Bluebird, the toy group, slipped 4p to 186p. Merrill sees profits for the year down from £17.8m to £10.6m but has lifted next year's forecast by £1m to £14.3m. Despite its share buyback the company

still has £10m in cash.

Future Integrated Telephone, a telephone systems group, closed 12.5p from its 115p placing; Charterhouse Communications, placed at 5p, ended at 6p.

Internet Technology, the Global Internet group, improved 6p to 49.5p. It is the latest to link with Microsoft. The company is one of the more unusual AIM constituents, using property assets to build a high-tech operation.

It arrived as a residential property company, Capital & Western. Then, in a reverse deal, it was taken over by Global, run by Ian Murray, founder of the PC World chain of computer stores, which is now part of Dixons, and Laurence Blackall.

As part of the deal another property company, Bullyana, was absorbed.

Inter-Tech shares approached 70p last month.

## Taking Stock

Three groups are due to make their debuts today. Advance Power Components, placed at 70p by Henry Cooke Lumsden, could top 80p. In its last year it made profits of £1.32m from sales of £6.1m. Recycling Services is expected to achieve a modest premium from its 90p placing and Car Group, a second-hand car retailer, is likely to motor a few pence from its 138p placing.

Woodstock, a pub and restaurant chain, has been suspended on Offer at 15p. It raised £600,000 through Austin Friars Securities in July by floating shares at 20p. The suspension follows "certain financial irregularities".

Easdaq, the Brussels based European electronic stock market, started operations yesterday with Dr Solomon, a British software company, the first recruit.

Stock	Price	Chg	Vch	Per cent	Stock	Price	Chg	Vch	Per cent	Stock	Price	Chg	Vch	Per cent
<b>Alcoholic Beverages</b>														
Aldi	1,000	-10	1,000	-1.0%	Asda	1,000	-10	1,000	-1.0%	British Beer	1,000	-10	1,000	-1.0%
Carlsberg	1,000	-10	1,000	-1.0%	Crown Royal	1,000	-10	1,000	-1.0%	Heublein	1,000	-10	1,000	-1.0%
Diageo	1,000	-10	1,000	-1.0%	Heublein	1,000	-10	1,000	-1.0%	Holland & Barrett	1,000	-10	1,000	-1.0%
Heublein	1,000	-10	1,000	-1.0%	Imperial Distillers	1,000	-10	1,000	-1.0%	Johnnie Walker	1,000	-10	1,000	-1.0%
Levi-Strauss	1,000	-10	1,000	-1.0%	Malts	1,000	-10	1,000	-1.0%	McEwan & Williams	1,000	-10	1,000	-1.0%
Monks	1,000	-10	1,000	-1.0%	Nationwide	1,000	-10	1,000	-1.0%	Old Peculiar	1,000	-10	1,000	-1.0%
Woolworths	1,000	-10	1,000	-1.0%	Woolworths	1,000	-10	1,000	-1.0%	Woolworths	1,000	-10	1,000	-1.0%
<b>Banks, Merchant</b>														
ABN Amro	1,000	-10	1,000	-1.0%	Barclays	1,000	-10	1,000	-1.0%	Bankers Trust	1,000	-10	1,000	-1.0%
Barclays	1,000	-10	1,000	-1.0%	BNP Paribas	1,000	-10	1,000	-1.0%	Bankers Trust	1,000	-10	1,000	-1.0%
BNP Paribas	1,000	-10	1,000	-1.0%	BNP Paribas	1,000	-10	1,000	-1.0%	Bankers Trust	1,000	-10	1,000	-1.0%
HSBC	1,000	-10	1,000	-1.0%	HSBC	1,000	-10	1,000	-1.0%	HSBC	1,000	-10	1,000	-1.0%
ICI	1,000	-10	1,000	-1.0%	ICI	1,000	-10	1,000	-1.0%	ICI	1,000	-10	1,000	-1.0%
Lehman Brothers	1,000	-10	1,000	-1.0%	Lehman Brothers	1,000	-10	1,000	-1.0%	Lehman Brothers	1,000	-10	1,000	-1.0%
NatWest	1,000	-10	1,000	-1.0%	NatWest	1,000	-10	1,000	-1.0%	NatWest	1,000	-10	1,000	-1.0%
Standard Chartered	1,000	-10	1,000	-1.0%	Standard Chartered	1,000	-10	1,000	-1.0%	Standard Chartered	1,000	-10	1,000	-1.0%
<b>Banks, Retail</b>														
Barclays	1,000	-10	1,000	-1.0%	Barclays	1,000	-10	1,000	-1.0%	Barclays	1,000	-10	1,000	-1.0%
HSBC	1,000	-10	1,000	-1.0%	HSBC	1,000	-10	1,000	-1.0%	HSBC	1,000	-10	1,000	-1.0%
ICI	1,000	-10	1,000	-1.0%	ICI	1,000	-10	1,000	-1.0%	ICI	1,000	-10	1,000	-1.0%
Lehman Brothers	1,000	-10	1,000	-1.0%	Lehman Brothers	1,000	-10	1,000	-1.0%	Lehman Brothers	1,000	-10	1,000	-1.0%
NatWest	1,000	-10	1,000	-1.0%	NatWest	1,000	-10	1,000	-1.0%	NatWest	1,000	-10	1,000	-1.0%
Standard Chartered	1,000	-10	1,000	-1.0%	Standard Chartered	1,000	-10	1,000	-1.0%	Standard Chartered	1,000	-10	1,000	-1.0%
<b>Breweries, Pubs &amp; Rest</b>														
Adnams	1,000	-10	1,000	-1.0%	Adnams	1,000	-10	1,000	-1.0%	Adnams	1,000	-10	1,000	-1.0%
Brasserie du Roy	1,000	-10	1,000	-1.0%	Brasserie du Roy	1,000	-10	1,000	-1.0%	Brasserie du Roy	1,000	-10	1,000	-1.0%
Heublein	1,000	-10	1,000	-1.0%	Heublein	1,000	-10	1,000	-1.0%	Heublein	1,000	-10	1,000	-1.0%
Levi-Strauss	1,000	-10	1,000	-1.0%	Levi-Strauss	1,000	-10	1,000	-1.0%	Levi-Strauss	1,000	-10	1,	

# business

## Vendome blames weak yen for 5% drop in profits

**Tom Stevenson**  
City Editor

Vendome Luxury Group, whose upmarket brands include Dunhill, Cartier and Mont Blanc, said yesterday that decreased tourist spending lay behind a 5 per cent drop in first-half profits. The weakening of the yen was blamed for sluggish trading in the company's important Far Eastern markets.

Joseph Kanoui, chairman, said: "The reduction in tourist spending in the Far East is, we believe, a short-term phenomenon which will reverse when the yen recovers in strength. The second half of last year was affected by unfavourable events. Provided they do not occur

again, performance in the remainder of the year will show increases in turnover and operating profits."

Pre-tax profits in the six months to September were £113m, struck from marginally higher sales of £704m. Part of the 4.6 per cent decline in profits was attributed to a fall in interest income from £5.7m to £3.2m.

Vendome's profits fell short of market expectations, which had looked for between £125m and £135m. The company's shares fell 8p to close at 532.5p.

Vendome, which is 70 per cent owned by South African-controlled Richemont Securities, was set up three years ago as part of a reorganisation of the

luxury goods and tobacco businesses of Compagnie Financiere Richemont, Dunhill Holdings and Rothmans International.

Speculation was quashed in the summer that Richemont was poised to buy in the 30 per cent of Vendome's shares that it did not own. Two years ago it bought in the minority in Rothmans, the tobacco business it had demerged from the Vendome luxury goods operation a year previously.

Sales of jewellery in the first half fell 17.4 per cent and sales of leather goods, which mostly depend on demand in the Far East, fell by 2.3 per cent.

Watches performed more strongly with a 10.4 per cent rise as part of a reorganisation of the

reported and writing instrument sales increased by 1.7 per cent over last year. Perfume sales soared by 20.4 per cent but menswear sales were down.

Carter, founded in Paris in 1847, has 164 retail outlets and provides an estimated 80 per cent of group profits. The group said it had made significant investments in the first half to boost its retail and wholesale network and in advertising new products. It is building a factory in France for leather goods.

The Far East dominates sales of Vendome's luxury goods, accounting for 40 per cent of total turnover. Sales in the Americas increased by 10 per cent while European markets were flat.

## April Fool's Day comes early as Winchester House goes Deutsche

### PEOPLE & BUSINESS

News reaches me of an amusing little prank being perpetrated in the name of Hillary O'Sullivan, executive vice-president of marketing at Morgan Grenfell Asset Management, whether willingly she is unprepared to say.

MGAM hasn't got enough problems already, letters have been dispatched on MGAM-headed paper to all kinds of important people in the City suggesting that MGAM's German masters intend to rename Winchester House.

Morgan Grenfell's City head office, "Deutsche".

Dear oh dear.

Worse, for the letter is really quite convincing. Deutsche intends to lobby the Corporation of London to change the name of Great Winchester Street, where the building stands, to "Great Giessen Street".

Giessen, a town in Germany, is twinned with Winchester in Hampshire.

The letter has been sent to a number of people with offices next to Morgan Grenfell's pile, which is in the process of being rebuilt.

In part due to this new headquarters building, the prominence of other German banks in the direct vicinity, i.e. Commerzbank, Bayrische Vereinsbank, Westdeutsche Landesbank and Dresdner Bank, together with the desire to recognise the growing importance to German financial institutions of London as a European financial capital, we are proposing to apply to the City Corporation to change the name of Great Winchester Street," he writes.

The letter is, in fact, a hoax. Surely it's not April yet is it? All the same it seems a pity, as this renaming lark might have some merit.

Kleinwort Benson, now owned by Dresdner Bank, could no doubt be convinced of the merits of renaming Fenchurch Street to its German equivalent. I translate - SumpfKirchStrasse. Now that's much better isn't it?

As a result of the legal action brought by BK Vision two years ago, UBS is still waiting to alter its two-tier capital and share structure of bearer and registered shares. One of the aspects of this system is that it restricts any single shareholder to exert no more than 5 per cent of voting rights.

He specifically pointed to

### UBS board under pressure to resign

**Jill Treanor**  
Banking Correspondent

fighting a joint takeover approach by two French utility groups, Suez and General Utilities, which own neighbouring South East Water and Folkestone and Dover Water.

The dispute, which has become increasingly acrimonious in recent weeks, is being investigated by the Monopolies and Mergers Commission, which is due to complete its inquiry on December 9.

Mr Baldwin said: "This is not window-dressing because of the underlying profitability of our business. But we are telling shareholders to stay with us because our performance is improving."

However, a spokeswoman for the two French predators said: "It's the poor old customers who seem to be left out of all this."

Mid Kent also revealed it had so far spent £1.3m on its MMC defence. Mr Baldwin said: "We may be relatively small but size isn't a factor when you are going to the MMC. The questioning is similar so we think we've been pretty efficient in the way we've spent the cash."

He saw these two as the driving force behind the bank's

push into commercial loans which eventually resulted in the bad debt problem.

"I hope some of the board will have some courage [and resign]," Mr Schiltknecht said.

A spokeswoman for the bank said it had taken note of the comments but declined to comment further on the claims.

UBS, one of the last remaining triple-A rated banks, risks losing its top-notch status after Standard & Poor's put it on Credit Watch with negative implications after learning of the bad debt provision.

Mr Schiltknecht said he

thought too much was made of this threat.

"The strategy of accumulating capital to be a strong bank is not in the interest of shareholders. People are giving too much weight to ratings."

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tered shares. One of the aspects of this system is that it restricts any single shareholder to exert no more than 5 per cent of voting rights.

Virgin boss Richard Branson

is obviously not so alive to German sensibilities. Last night Mr Branson launched his new record company, tastefully titled "V2".

Perhaps Mr Branson has correctly judged British attitudes. One of the Southwest's new gas companies has just changed its name because

German masters intend to rename Winchester House.

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Nigel Birch, chief executive of Abbey National, goes abseiling 250 feet down Central Business Exchange in Milton Keynes to raise money for charity. "He was totally fearless," says an avid spokesman. "He did it three times. He was raring for more."

Mr Birch's descent was in aid of the BBC Children in Need appeal. The chief executive has gone abseiling before, five years ago for the Television Appeal, when he lowered himself down the Abey House in London's Baker Street.

Abbey National recently held other charity events, including a 1970s fancy dress competition judged by Brian Poole of the Tremeloes. Now just hang on. Readers of a certain age will remember the Tremeloes' peerless hit "Silence is Golden" from 1967 - so shouldn't it have been a 1960s party? I await clarification from Mr Birch.

many potential consumers thought the company was German, and that "Hess" summoned up images of Rudolph Hess, one of Adolf Hitler's henchmen.

Next time you need help filling out your football pools coupon, pop into a branch of Midland Bank. A couple of its employees have just won the top two places in an annual sporting challenge where they had to predict the outcome of 25 major sporting events - a year ahead.

Last night Olympic medalist Jonny Seearle presented first prize to Rob Walker, head of the Financial Institutions Group at Midland's Poultry head office in the City. The Ernst & Young Insolvency and Recovery Service Sporting Challenge attracted over 500 entries from London's financial community.

Runner-up was Graham Harman of Midland, who scored the same number of points as Mr Walker, 132 out of 250.

The tie-breaker was decided on who came closest to guessing this year's finishing time for the Oxford and Cambridge boat race.

Mr Harman's prize, the lucky swine, is an expenses paid trip to watch the Ireland v England rugby match in Dublin in February. I'd book the following week off work now if I were you, Graham.

Many City economists, poised to make instant analyses of Tuesday's Budget, faced a potentially disastrous shortage of Red Books after the Chancellor sat down.

The Financial Statement and Budget Report contains far more detail than the speech and is vital to a considered view. Despite this Crédit Suisse First Boston didn't get any Red Books.

Morgan Grenfell did, but in-house economist Steve Bell says he heard that a lot of other houses didn't.

**John Willcock**



### Mid Kent steps up takeover battle

**Chris Godsmark**  
Business Correspondent

The hostile takeover battle for Mid Kent Water, one of the 19 smaller drinking water companies, escalated yesterday when the group announced it was almost doubling the dividend payout to its shareholders.

Mid Kent Holdings, the parent company, revealed an 8.4 per cent drop in half-yearly pre-tax profits to £4.9m but said it was raising its interim dividend from 6.25p to 12p, a 2 per cent increase. The dividend will cost £2m, more than half the value of the profit after tax has been deducted.

The company also forecast its dividend for the full year would be at least 25 per cent higher than the previous year. The increase comes on top of what Mid Kent has called a "step change" in its dividend payout in 1995, when it surged by 90 per cent to 24p.

Geoff Baldwin, chief executive, denied the dividend hike was a device to persuade shareholders to back the existing management. The group is

fighting a joint takeover approach by two French utility groups, Suez and General Utilities, which own neighbouring South East Water and Folkestone and Dover Water.

The dispute, which has become increasingly acrimonious in recent weeks, is being investigated by the Monopolies and Mergers Commission, which is due to complete its inquiry on December 9.

Mr Baldwin said: "This is not window-dressing because of the underlying profitability of our business. But we are telling shareholders to stay with us because our performance is improving."

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### Foreign Exchange Rates

Country	Sterling	Dollar	D-Mark
US	1.6736	1.16-34	655.63
Canada	2.2282	54.48-60	134.93
Germany	2.5540	69.81-83	152.61
France	6.6221	217.98-99	56.98
Italy	1.2521	31.45-45	103.23
Japan	188.70	69.91-91	216.35
ECU	1.3267	21.18	66.81
Belgium	52.83	15.10-12	24.26
Denmark	88.04	22.17-17	65.95
Netherlands	22.649	80.90-90	142.00
Iceland	0.703	1.21-21	34.88
Spain	2.5102	18.21-21	42.98
Sweden	1.1063	15.6-15	44.33
Switzerland	2.88		

# Hennessy hopes await pilot checks

## Racing

RICHARD EDMONDSON

It is a good job there are a lot of Irish jockeys to choose from because the saddle occupiers from across the water are going down by the day in the run up to Saturday's Hennessy Gold Cup at Newbury. Mark Dwyer joined his countryman Lorcan Wyer in the infirmary yesterday when suffering a heavily bruised arm at Hexham, while the nation's leading jockey, Tony McCoy, is already out of the weekend's competition through suspension.

Mick Fitzgerald (Irl) is spoilt for options in the Hennessy and will switch to Midnight Caller if the group is too firm for Belmont King, while Adrian Maguire (Irl) is still unsure as to whether he will partner David Nicholson's Gold Dugout Gruff, who needs good

to soft ground at the hardest, the going firmed up to good yesterday.

While the market leader, The Grey Monk, has been confirmed as a runner in the hands of Tony Donihue (N Irl), Gordon Richards suggested yesterday that his yard will almost certainly also be represented by Unguided Missile if a suitable rider can be found. Dwyer would be a consideration, providing he recovers from yesterday's fall which at first seemed to have caused a fracture to his upper left arm. An X-ray examination later revealed that the injury was not as serious as first feared and Dwyer will consider returning to the saddle today.

There is also no concrete news about the pilot for the second favourite, Challenger Du Luc. Martin Pipe's gelding was ridden to success in the Murphy's Gold Cup by Richard Dunwoody (N Irl), but he is

waiting to partner Alderbrook, who will contest Newcastle's Fighting Fifth Hurdle on Saturday if an inspection on Friday determines the course is riding on the soft side of good. Word on the street is that the seat on Challenger Du Luc may now go to Norman Williamson (Irl).

**RICHARD EDMONDSON**  
NAP: Dark Nightingale  
(Uttokster 3.15)  
NB: Circus Star  
(Uttokster 3.45)

Pipe has been without a stable jockey since David Bridgewater jumped ship at the beginning of the season, a separation the jockey takes in terms of being rescued from Beezebulb's knuckles. The precise reason for the fissure has yet to emerge, though there is still a trace of vitriol flying around. When Bridgewater

refers to his old employer these days he seems to drop the Mr from the beginning of his name.

Money may have been one problem. It is said that Pipe does not believe in the retainer system but this is nonsense. He thinks a stable jockey ought to be paying him for the guarantee of bucketsful of winners every season.

As Bridgewater was once stationed on the Flat at Newmarket's Eve Lodge and the Lester Piggott Institute of Fiscal Studies, it may be that financial concern was different to reach.

Certainly, Bridgy is famously

stingy with his tips. "I was totally surprised when I found out," Pipe said. "I had bought him some very nice horses and they're sure to go on and win stacks of races."

Many of Mercer's horses were purchased in France and it is ironic that Pipe may now erase the memory of the split with the owner with another beast from the Continent, Challenger Du Luc. "When we saw him at the sales he was a lovely horse, a real athlete and a big, strong sort who looked as though he could handle himself very well," the trainer said. "We had to buy him."

Pipe now selects from several in the weighing room and it is a policy he enjoys. "He's very well off at the moment and using the best available seems to be working," he said yesterday.

More damaging still to Pond House at season's outset was the departure of a man who ap-

peared to have been cemented to the yard by grief. Darren Mercer, who lost Drabrobie and Mack The Knife in the space of a horrible 40 minutes at the Cheltenham Festival earlier this year, has decided to spread his horses including the hugely gifted Banjo and Escaigneau, amoog other trainers.

"I was totally surprised when I found out," Pipe said. "I had bought him some very nice horses and they're sure to go on and win stacks of races."

Many of Mercer's horses



Pipe: now more relaxed

seems a far more relaxed figure with the Firth Estate.

He will be an even mellower figure if Challenger Du Gold follows those of Strands Of Gold (1988) and Chatam (1991).

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## Murray's death adjudged accidental

### Boxing

A Glasgow court ruled yesterday that no one was to blame for the death of James Murray, who suffered fatal brain injuries during a British bantamweight title fight last year.

The judge, James Murphy, cleared Murray's opponent, Drew Docherty, of any fault, praised the medical help Murray received at ringside and said that a riot in the hall had not hampered medical personnel getting to the injured boxer.

Murphy, delivering his judgement after a three-day inquiry, said Murray's death on 13 October, 1995, was the result of an accident. Murray, a 25-year-old Scot, collapsed just seconds before the end of his contest with fellow countryman Docherty at Glasgow's Hospitality Inn.

Television viewers saw Murray tumble to the floor and fans, unaware of the tragedy in the ring, roared at the back of the hall in protest at the way the fight ended in Docherty's favour.

No single blow from Docherty could be pinpointed as the punch which caused the fatal brain injury, the judge said. "No blame attaches to anyone," he said. "The evidence both of the neurosurgeon and the pathologist is that the haemorrhage suffered by Murray was so massive from the time it occurred that nothing was going to save his life."

Horatio Graham was relieved to have got his comeback out of the way with a comfortable points victory over the durable and awkward American Terry Fird in Sheffield on Tuesday night. But his former manager, Brendan Ingle, was not impressed.

Ingle and Graham campaigned together through two world title attempts as well as in successful British, European and Commonwealth championship efforts, but their relationship is now over.

"The worst thing you can have at this stage is people slapping you on the back and saying you've done well," said Ingle, now better known as Nasmec Hamed's manager and trainer.

"I might be wrong, but I think there was nothing there; he should not be fighting in my opinion. I get my living from this game and my advice is pack it in."

## World's élite to compete at Olympia

### Equestrianism

GENEVIEVE MURPHY

Competitors for the Olympia Show Jumping Championships, which run from 18 to 22 December, will include three members of Germany's victorious Olympic team - Ulrich Kirchhoff (the individual gold medallist), Ludger Beerbaum and Franke Sloothaak.

Also competing are Alexandre Ledermann, the Olympic bronze medallist from France. Peter Charles, who is Ireland's reigning European champion, and all the leading Britons, including the Olympic team of Geoff Billington, Nick Skelton and the two Whittaker brothers.

With all but two of the top 19 riders in the world rankings taking part, Olympia will have a far classier field of show jumpers than any other British meeting. The show includes the Volvo World Cup qualifier on the Saturday afternoon and a new event, the Christmas Masters on the Thursday evening, in which the four qualifying riders will be jumping for a possible winner-takes-all prize of £1,000.

Olympia now has a total of 19 sponsors, including seven newcomers, and a prize fund of £220,000 - £10,000 more than last year. Over 70 per cent of the tickets have already been sold, so full houses are anticipated for virtually every session.

This is a far cry from the inaugural show of 1972, when only 300 advance tickets were sold and an elephant was led along Kensington High Street to give the fixture some much-needed publicity. To celebrate the Olympia show's 25th year, the King's Troop and Household Cavalry will be staging a joint display for the first time.

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## Racing

RICHARD EDMONDSON

It is a good job there are a lot of Irish jockeys to choose from because the saddle occupiers from across the water are going down by the day in the run up to Saturday's Hennessy Gold Cup at Newbury. Mark Dwyer joined his countryman Lorcan Wyer in the infirmary yesterday when suffering a heavily bruised arm at Hexham, while the nation's leading jockey, Tony McCoy, is already out of the weekend's competition through suspension.

Mick Fitzgerald (Irl) is spoilt for options in the Hennessy and will switch to Midnight Caller if the group is too firm for Belmont King, while Adrian Maguire (Irl) is still unsure as to whether he will partner David Nicholson's Gold Dugout Gruff, who needs good

to soft ground at the hardest, the going firmed up to good yesterday.

While the market leader, The Grey Monk, has been confirmed as a runner in the hands of Tony Donihue (N Irl), Gordon Richards suggested yesterday that his yard will almost certainly also be represented by Unguided Missile if a suitable rider can be found. Dwyer would be a consideration, providing he recovers from yesterday's fall which at first seemed to have caused a fracture to his upper left arm. An X-ray examination later revealed that the injury was not as serious as first feared and Dwyer will consider returning to the saddle today.

There is also no concrete news about the pilot for the second favourite, Challenger Du Luc. Martin Pipe's gelding was ridden to success in the Murphy's Gold Cup by Richard Dunwoody (N Irl), but he is

waiting to partner Alderbrook, who will contest Newcastle's Fighting Fifth Hurdle on Saturday if an inspection on Friday determines the course is riding on the soft side of good. Word on the street is that the seat on Challenger Du Luc may now go to Norman Williamson (Irl).

**RICHARD EDMONDSON**  
NAP: Dark Nightingale  
(Uttokster 3.15)  
NB: Circus Star  
(Uttokster 3.45)

Pipe has been without a stable jockey since David Bridgewater jumped ship at the beginning of the season, a separation the jockey takes in terms of being rescued from Beezebulb's knuckles. The precise reason for the fissure has yet to emerge, though there is still a trace of vitriol flying around. When Bridgewater

refers to his old employer these days he seems to drop the Mr from the beginning of his name.

Money may have been one problem. It is said that Pipe does not believe in the retainer system but this is nonsense. He thinks a stable jockey ought to be paying him for the guarantee of bucketsful of winners every season.

As Bridgewater was once stationed on the Flat at Newmarket's Eve Lodge and the Lester Piggott Institute of Fiscal Studies, it may be that financial concern was different to reach.

Certainly, Bridgy is famously stingy with his tips. "I was totally surprised when I found out," Pipe said. "I had bought him some very nice horses and they're sure to go on and win stacks of races."

Many of Mercer's horses were purchased in France and it is ironic that Pipe may now erase the memory of the split with the owner with another beast from the Continent, Challenger Du Luc. "When we saw him at the sales he was a lovely horse, a real athlete and a big, strong sort who looked as though he could handle himself very well," the trainer said. "We had to buy him."

Pipe now selects from several in the weighing room and it is a policy he enjoys. "He's very well off at the moment and using the best available seems to be working," he said yesterday.

More damaging still to Pond House at season's outset was the departure of a man who ap-



Pipe: now more relaxed

seems a far more relaxed figure with the Firth Estate.

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**And Smith must score**  
The Wembley miss that  
became a myth, page 26

S

lr

# Ericsson move anticipated by Blackburn

## Football

ALAN NIXON  
AND NICK DUXBURY

Sven Goran Ericsson yesterday took to the airwaves to deny that he was about to become the new manager of Blackburn Rovers, who nevertheless fully expect him to be striding through the door at Ewood Park within the next fortnight.

"Nobody from Blackburn has been here to talk to me or the club," the Sampdoria coach said on Radio 5 Live. "I am not going anywhere. I am happy here so far. We are doing well in the league and there is no reason why I should leave before half the league is gone."

However, Ericsson is understood to have told Sampdoria that he wants to be released early from his contract in order to join the Premiership club on a salary of £500,000 a year.

Blackburn, who have the means to pay considerable

compensation, have stayed quiet while Ericsson has been discussing his future with the Genoa club.

Robert Coar, the Rovers chairman, said: "We will not be drawn into talking about speculation and rumour. Our stance on the issue is unchanged and the managerial situation remains ongoing."

The caretaker manager Tony Parkes remained philosophical. "We keep hearing and reading about all sorts of people but it's water off a duck's back now," he said. "All we can do is carry on preparing the players for the next game and that is exactly what we intend to do."

Phil Neal will know his Manchester City future today after issuing what amounted to a ultimatum, claiming that his long-term prospects at the First Division club had been shrouded in doubt.

Neal took over from Steve Coppell as manager after his former England team-mate quit

after just 33 days in charge last month due to stress-related problems, with the City chairman, Francis Lee, insisting that Neal would be in control for the foreseeable future.

Rumours that City have been lining up the former Leeds manager Howard Wilkinson have made Neal feel that his position has been undermined.

"I am not unhappy. It's just something I have commented on," he said. "I am doing my best for Manchester City and the club's fans. I am working hard to put a smile on everyone's face and I want to walk away after the game having won."

Lee, who has described talk of Wilkinson arriving at the helm as "pure speculation", said: "If there is anything in talk about we'll talk about it tomorrow."

Neal has still not signed a contract, despite being offered a deal to cover his agreement with Cardiff that still had more than two years to run.

Lee is trying to put together a lucrative investment package to the tune of £12m and told the fans on Monday night that he is close to sealing the deal.

The Aston Villa central defender Gareth Southgate could be out until the New Year with the ankle injury he suffered in Tuesday's Coca-Cola Cup defeat at Wimbledon.

The England player will be out of action for "a minimum of four weeks" after another knock to the ankle he initially damaged while on World Cup duty against Poland at Wembley early last month.

Fifa acted after Albania's ministry of education and sport suspended the general secretary of the national football federation, Eduard Dervishi, and dissolved its executive committee.

Keith Cooper, a Fifa spokesman, said the suspension has been enforced to protect the national federation "in the face of political interference". If the conflict with the Albanian government is not resolved promptly, Fifa will rearrange the game in Belfast for a later date.

The former £1.5m Celtic and West Ham midfielder was offered a short-term deal to stay until the end of the season, but Watford's two-and-a-half year contract proved more tempting.

## Scotland to face Estonia in Monaco

Scotland were told yesterday that they must travel to Monaco on Tuesday 11 February to replay their abandoned World Cup qualifier against Estonia, writes Rupert Metcalf.

The original fixture, in Tallinn on 9 October, was called off after just three seconds. The Estonian team failed to turn up when Fifa, world football's governing body, demanded a day-light kick-off following Scottish protests about the floodlights.

After Fifa had ordered a re-match, Estonia offered Cyprus and Azerbaijan as alternative venues, but Scotland rejected both suggestions, forcing Fifa's World Cup committee to make yesterday's decision.

Aimar Leppanen, the secretary of Estonia's Football Association, said: "We like Cyprus more because it is not so expensive for us and more suitable, but Fifa's decision is final, so there is nothing we can do. There are problems for us, but we can

solve them, while for the SFA it is easier because Fifa will be paying their costs." David Findlay, of the Scottish Football Association, said: "I am happy for the fans. It's well within the travelling time that we had envisaged."

Northern Ireland should hear today if their World Cup qualifier at home to Albania on 14 December is to be postponed. Yesterday Fifa suspended the Albanians from the tournament "until further notice".

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## Player hurt in shotgun accident

Gillingham revealed yesterday that the reason Matt Bryant was missing from their Coca-Cola Cup side for the defeat at Ipswich on Tuesday was that the player had been shot in the leg.

Tony Pulis, the Gillingham manager, initially said Bryant had missed the game because of a stomach upset, but the 26-year-old had actually been involved in a shooting accident.

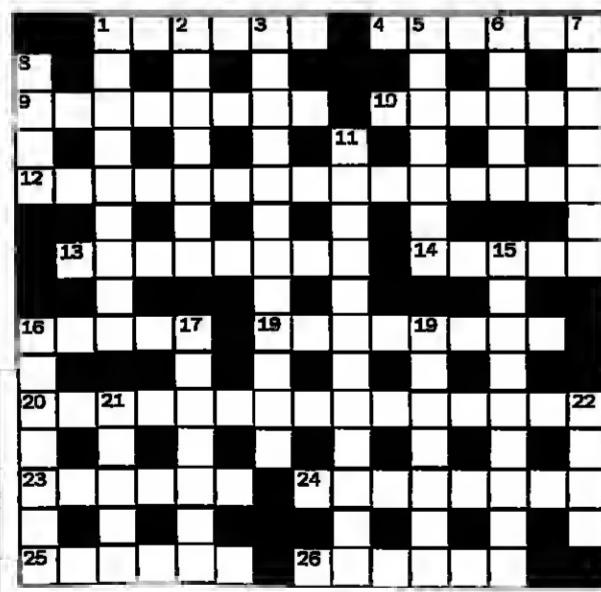
"Matt was hurt on Sunday near his Bristol home, but we wanted to keep the news under wraps until after the Ipswich game," Pulis said. "He is a lover of field sports and was out with family and friends when a gun accidentally went off and peppered a leg with shot. He was rushed to Bristol Infirmary with more than 40 pellets embedded in his leg."

Pulis is added to the injury list alongside his defensive partner Glen Thomas, who recently needed surgery to save an eye after he stumbled into a tree during a training session and was hit in the face by a branch.

## THE INDEPENDENT CROSSWORD

No. 3156. Thursday 28 November

By Mass



Wednesday's Solution

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PAYPHONE WELL

## Cricket

Graeme Hick was yesterday packed to make the former England chairman of selectors Ray Illingworth eat his words by returning to the international fold next summer and showing his true worth against Australia.

Hick has been left out of the winter party for the tours of Zimbabwe and New Zealand after a disappointing tour last summer against India and Pakistan and then with Worcestershire, before a late end-of-season flourish.

It prompted Illingworth to launch a stinging attack on Hick, who has scored 90 first-class centuries, saying that he is "not as great a player as his record suggests" and claimed that "throughout his life things have been easy for Graeme

and he has never had to graft." However, Duncan Fearnley, the chairman of Hick's county, Worcestershire, believes the player will benefit from a winter away from cricket, his first lengthy break for six years, and return hungry for success at county and international level.

Fearnley said: "I hope that Graeme reads Ray's comments and that they serve to fire him up a bit, but in any case I think he will look to play for England again."

"He has come to terms with the fact that he won't be touring this winter and now he has done that, the will be like a breath of fresh air for him."

"I don't make rash judgments but I am quite confident that he will play for England again and those of us who watch him day in and day out know just how good he is."

THURSDAY 28 NOVEMBER 1996 • THE INDEPENDENT

## Wales' hero returns

Jonathan Davies makes his international comeback, page 26

# sport



Chris Silverwood, the Yorkshire fast bowler, practises under the watchful eye of David Lloyd, the England coach, during the tour of Zimbabwe yesterday. The first game of the tour takes place on Saturday.

Photograph: Clive Mason/PA

## Ray of hope for Hick

### Cricket

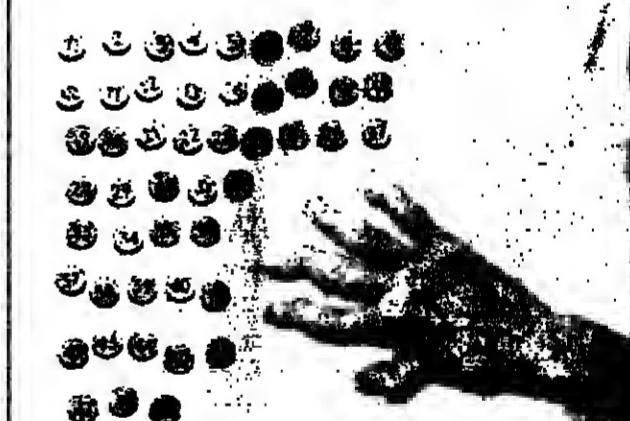
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## LIFE'S A LOTTERY



When you buy a lottery ticket, you've got a one in 14 million chance of winning the jackpot. The chances that you may experience some form of rheumatic disease are rather greater.

As many people in Britain today know, arthritis can cause severe crippling joint damage to hands and wrists. Fingers, hips, shoulders, elbows, jaw and neck can also be affected causing unrelenting pain and disability.

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## Malaysia backs Stewart

### Motor racing

Jackie Stewart's new Formula One team yesterday announced a multi-million pound sponsorship deal with the Malaysian Government. While Stewart declined to discuss the precise details of the package, it is understood to be in the region of £10m for the one-year deal, a massive slice of the projected £20m annual budget.

Stewart-Ford have already announced a £25m five-year link-up with the banking group HSBC, while the Ford engine contract is estimated at being worth around £20m a year.

The deal is the first time a national government has been in-

volved in a major sponsorship package in motor racing, and Stewart said he hoped the backing would continue beyond the initial 12-month period.

"The Prime Minister of Malaysia has told me that he would like this to be a long-term relationship, but at the moment they have decided to enter into this one year at a time," said Stewart, whose new team will make their debut at the Australian Grand Prix in Melbourne in March.

"As a Scotsman you wouldn't expect me to talk about money and we've agreed with the Malaysian Government that we will keep this deal between ourselves at this time. We now have two partners on board and

a third coming on board in January. The logo "Visit Malaysia" will be carried on both the front and rear of the cars to be driven by Jan Magnussen and Reubens Barrichello and the sponsorship package is proof of the Asian nation's wish to become involved in F1. Malaysia hopes to stage its own grand prix in 1999, with construction of a new circuit beginning in January.

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